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## Unilever Company Strategic Business Analysis

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## Abstract

There are many factors that affect a company's success and growth, especially for giant multinationals. A corporate's phased development strategies will influence its destiny, running a successful and sustainable big company is not easy. Unilever is a multinational FMCG company with a long history of development. The corporate goal for over 120 years has been to enhance the lives of the people around the world every day. The mission of the company has not changed much since William Lever, the founder, concentrated during the 1880s on what he called "shared prosperity". Today, through the Unilever Sustainable Living Plan (USLP), which seeks to expand industry while halving the environmental footprint and growing the social impact, the organization is living out this pledge. The goal of Unilever is to bring vitality to life. With products that make individuals feel healthy, look good and get more out of life, they satisfy everyday demands for fitness, grooming and personal care. Unilever strategy: A belief that sustainable business drives superior performance lies at the heart of the Unilever Compass – the strategy to create long-term value for Unilever's stakeholders. As they have done for years, Unilever strives to keep their goods better and environmentally green. Comprehension of cultures, markets, and organizations requires successful business analysis. Among other aspects, this comes from experience, solid data and knowledge, and the proper choice and use of analytical techniques. Businesspeople must continually be able to make sense of their market, cultures, organizations, and tactics to be competitive in today's information age. Business management is a way of conducting an organization. Its aim is to establish values, management skills, organizational roles, and management procedures that connect decision-making at all levels and across all levels of authority to political, strategic, and operational. Analyzing the growth plan of an organization lets management realize the value of the plans offered and helps the company at each point to follow the correct path. Effective management is undergirded by helpful analytical insights. Analyzing a company's development strategy helps managers understand the importance of the strategies given, and helps the company have the right direction in each stage. In order to delve into a large and multi-product company like Unilever, we took turns looking at the major contents listed: Unilever's SWOT Analysis, Three level strategy, Unilever's Strategic Map, Unilever's five forces analysis, Strategic Group Analysis, Porter Diamond Analysis, Unilever's Value Chain, and National Diamond Analysis.

**Keyword :** Sustainable Living Plan, Strategic Analysis

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## Chapter 1 Introduction and SWOT analysis

### Why Unilever?

Unilever is one of the world's largest company leading in FMCG industry after Nestle and Procter & Gamble (P&G). Unilever are the number one company reported as a Sustainable Living brands and make it surprised to all the marketers by being the company **purpose-driven** brand. Unilever make it to the top 70 of World's Most Innovation Companies in 2018 and ranked 467 of World's Best Employers in 2020. Beside from its Sustainable Living purpose brand, Unilever products are being use around the world with more than 2.5 million people use their product every day.

### LI Company Profile

According to Unilever official website, there are about 190 countries that Unilever are operating in the present. Unilever has created and innovated many diversified product ranges that suit for every people life, which make Unilever positioned in one of the most well-known company in the world. Unilever manufacturers and offices are located around the world, which totaled of 270 locations over the world, all of those are in good locations. Unilever using global thinking together with local execution, which means that it pursues Glocal (Global-Local) strategies to let the company win the hearts and minds of worldwide consumers who would like to use its products that are globally famous yet retain a distinct local flavor.

**Company Vision:** "To be the global leader in Sustainable business" We will demonstrate how our purpose-led, future-fit business model drives superior performance, consistently delivering financial results in the top third of our industry." Unilever achieving company purpose of making sustainable living commonplace by dividing into three categories which are; Companies with Purpose Last, Brands with Purpose Grow, and People with Purpose Thrive.

### Business Scope

Unilever has 400 brands worldwide in more than 190 countries that are in Food & Refreshment, Beauty & Personal Care, and Home Care categories.

Below are the company's 2020 financial highlights according to each business categories of Unilever. Covering the overall performance, Beauty & personal care, Food & Refreshment, and Home Care, orderly the largest turnover SBUs.

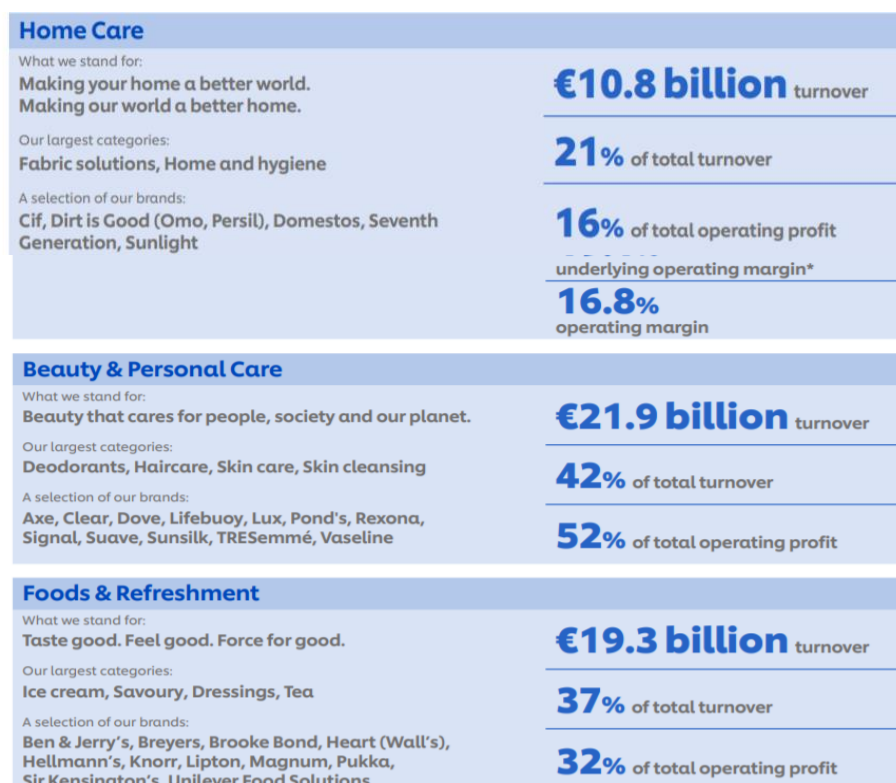


Figure 1: Unilever's Financial Highlight

## I.II SWOT Analysis of Unilever

### Strength

As the leading company in the consumer goods industry, Unilever has numerous strengths that would help to thrive them in the global marketplace. The company strengths are in these lists below:

- **Operate in over 190 countries**

Unilever receives benefits in term of brand image by being truly international company, since they have about 270 offices over 190 countries.

- **Its diversified product range and top of mind brand among customers**

Unilever has become one of the most preference for customers. The company's strength is their products portfolio that can meet the needs of most customers.

- **Invest high funded in research and development**

Unilever always focus on invest in R&D to create the new products innovation

in order to satisfy and meet customer needs. This make company can keep their customers to stick with them.

- **Well organize in distribution channels**

This is one of the biggest and main strength of Unilever since their products are very easy to find and buy at every corner of the served geography.

- **Great strategies use of global and local strategy**

Unilever are well-known for its glocal use of strategies to operate around the world. Their R&D are doing well on mixing the local culture in their products value, as we can see the same brand, same product, but different in something. This make Unilever can reach up to be the local favorite brand in every area they serve.

- **Excellent CSR activities**

Unilever's CSR activities are truly making the company receive a lot of reputation, in both on global and local social responsibility, environment, their employees and suppliers.

- **Excellent workforce**

With more than 170,000 employees working with Unilever, all are from many different and diversified cultures to be the real glocal company. This make their glocal strategy work really efficiently.

- **Effective advertising and marketing**

Since Unilever does a lot in R&D, they truly understand the need for customers. This make them can promoting and use the right advertisement to earn their customers attention and to be successful in their marketing.

## **Weakness**

Unilever does have shortcomings that hinder its growth prospects considering its good market position. Any strategic considerations place challenges to corporate and market growth. Unilever must fix the shortcomings following:

- **Limitable Products**

Unilever is similarly difficult to manage these issues when all consumer goods are easily imitative just like most major corporations.

- **Restricted diversification of sector**

Despite its large product mix, Unilever is weak due to restricted diversification



of industries outside the consumer goods sector.

- **Large reliance on retailers**

There is a lack of direct impact on customers, since the actions of retailers in this sector directly influences purchasers.

- **Substitute availability and low conversion costs**

The cost to use the other available replacement goods for an end-user is virtually nil. And these alternatives are abundantly available, making this one of the significant weakness.

- **Global competitors**

P&G is a close major competitor and thousands of local rivals in 190 countries in the presence of other huge firms such as Nestle.

## **Opportunity**

Unilever will take advantage of the opportunities in consumer goods international markets. In the external world of Unilever, the following prospects are important:

- **Market development**

Market growth: Rising economies demand more. The fast - growing emerging countries increase people's living conditions around the world, which is a huge boost for Unilever, a Western corporation.

Consumers are looking to Western lifestyles, especially in developing markets and this ensures that the business has a big chance to wait for it as it taps into this broad and diversified customer base that wishes to enter the Western league in taste and tastes for consumer products. Market expansion will boost the business of Unilever by growing sales from the selling of its existing goods in new market segments.

- **Globalization and the proliferation of global media**

By globalization and the growth of social media, Unilever is able to reach new markets and new buyers from diverse platforms, including online channels. The organization has invested a sum of cash in the web site over the last few years. For Unilever Plc, this investment has opened up new distribution platforms. The organization will exploit this potential in the next few years by further identifying its clients by leveraging big data analytics to satisfy their needs.

- **Business diversification**

Unilever has an enormous opportunity to develop new products and grow further globally, especially to meet the younger generation needs. By joining industries in the household goods sector, Unilever still has potential to diversify. Based on the market, diversification reduces risks and increases the stability of firms.

- **Product innovation for health**

The rise of health-conscious customers in the developing world means that Unilever will take advantage of the ability to sell its current and yet to be launched product portfolio to this niche that is directly aimed at the health-conscious customer.

Health product innovation will improve the appeal of Unilever's brands by meeting the needs of increasingly health-conscious customers.

- **Business enhancement for environmental conservation**

Unilever has a fantastic track record of social and environmental responsibility and the growth of mainstream ethical people who like to consume and purchase products and services that are environmentally manufactured and sustainably ended. In order to draw and maintain environmentally aware customers, the organization has the potential to make its business more competitive and environmentally sound.

## **Threat**

The threat from Asian fast moving consumer goods could not be taken lightly by Unilever. Even though Unilever has been in this kind of business for many years, hence could be one of the leaders in current situations.

- **Intense competitive rivalry**

Unilever faces tight challenge with its competitors, while focusing on the capabilities of global and local companies in the market. The rivals are threatening to reduce the market share of the company and its subsequent financial results. There are big competitors like Nestle, P&G, makes it more difficult to retain the market. Continuous innovation from Unilever, with affordable pricing is required to counter this kind of threat.

- **Increasing popularity of private label brands**

Since Unilever's business heavily dependent on retailers, most of big retail stores are creating their own private label brands. For example, Costco uses Kirkland Signature as a house brand, and Walmart has its own house brands that directly compete against Unilever's products.

- **Imitation of products**

Brand copying is still a challenge to firms like Unilever, since it takes millions of investments to come up with something new and sinks into the risk zone as soon as someone tries to copy it. For example, local companies may produce goods that are very similar to Unilever's.

- **Growing popularity of Ayurveda products**

The booming of Ayurveda products is a significant challenge to these commercial firms. Unilever has always begun to tackle this challenge with the advent of the Ayush lever, but it's always a long way to go.

- **Technology developments**

New technology introduced by a rival or a business disruptor may pose a significant threat to the industry in the medium to long term.

- **Currency fluctuations**

As the organization operates in a number of countries, it is exposed to currency volatility, particularly given the unpredictable political environment in a number of markets around the world.

- **Local rules and legislation**

The corporation can face litigation in different countries-different laws and constant variations in commodity quality in those markets.

## **Chapter 2 Three-level Business Strategy**

### **II.I Corporate level strategy**

Unilever is a multinational FMCG company with a long history of development. The corporate goal for over 120 years has been to enhance the lives of the people around the world every day. The mission of the company has not changed much since William Lever, the founder, concentrated during the 1880s on what he called "shared prosperity". Today, through the Unilever Sustainable Living Plan (USLP), which seeks to expand industry while halving the environmental footprint and growing the social impact, the organization is living out this pledge. The goal of Unilever is to bring vitality to life. With products that make individuals feel healthy, look great and get more out of life, they satisfy everyday demands for fitness, grooming and personal care. The company strategy: A belief that sustainable business drives superior performance lies at the heart of the Unilever Compass – the strategy to

create long-term value for Unilever's stakeholders. As they have done for years, Unilever strives to keep their goods better and environmentally green.

**The corporate aim is to be the world pioneer in sustainable industry.** Unilever would illustrate how outstanding success is driven by a purpose-driven, future-fit business model, regularly generating financial results in the top third of the industry. This vision is closely associated with the Sustainable Development Goals (SDGs), both of which offer a blueprint for the sustainable pursuit of long-term development by the year of 2030. So, whilst the company's unique heritage still shapes the way they do business today, the scale and reach mean that the company is well placed to both contribute to and benefit from the SDGs, which Unilever addresses the Unilever Sustainable Living Plan (USLP) in a variety of respects. However, Unilever regularly sets fresh and aggressive priorities to move this ahead at greater speed: for example, to become positive in carbon by 2030; and by 2025 to ensure that all Unilever plastic packaging would be fully recyclable, recycled or compostable.

#### **Unilever Corporate level strategy: Creating value through diversification.**

2.5 billion consumers use Unilever goods every day to feel healthy, look good and get more out of life. The company has unique abilities to engage with customers to make healthy living popular, with more than 400 products consumed in 190 countries.

Unilever is running into three major divisions: Beauty & Personal Care, Home Care, and Foods & Refreshment. Over five years, Unilever's turnover increase averaged 1.6% (from 2015-2019). For the full year 2019, Unilever posted \$58.2 billion in gross sales. It covers 3 operational segments:

**Beauty and Personal Care:** \$24.5 billion (~42% of gross sales) in 2019. Beauty and Personal Care is Unilever's largest division containing five \$1 billion or more turnover global brands, including Dove, Axe, Lux, Sunsilk, and Rexona, as well as other household names such as Signal, Lifebuoy, TRESemmé, and Vaseline.

**Foods & Refreshments:** \$21.6 billion (~37% of total gross sales) in 2019, including foods, beverages and ice cream categories. It is home to five global brands with a turnover of \$1 billion or above, including Knorr, Hellmann's, Lipton, Magnum, and Heart, as well as other popular global brands namely Brooke Bond and Ben & Jerry's.

**Home Care:** \$12.1 billion (~21% of gross sales) in 2019. Dirt is Good (Omo and Persil) and Surf are two global brands with gross sales of over \$1 billion. Domestos, Sunlight, Comfort, Cif, Seventh Generation are in turn to other leading brands. Besides,

there are air and water purification brands namely: Truliva, Blueair, and Pureit.

## **II.II Business level strategy**

**The sector of Beauty and Personal Care will be the biggest contributor of sales:** Personal Care revenue climbed to 24.5 billion USD in 2019 (from 23.2 billion USD in 2017). Revenue from the segment is expected to rise to \$25.2 billion by 2021. This rise is projected to come amid an approximate decrease in Unilever's sales of ~\$800 million. Higher wages are expected to be resulting from an increased demand for personal care and grooming products from Unilever. Beauty & Personal Care rose 2.6 per cent, led by Prestige's solid, double-digit rise. In Hair Care, deodorants and skin care performed well, but development was slow.

Hair Treatment, Skin Washing and Deodorants are world champions. And Local leading positions with skin care and Oral care. Powerful, broad-based growth was accomplished by deodorants, assisted by double digit growth from Dove. Dove's zero aluminum range and the Rexona Clinical collection with proprietary antiperspirant technologies worked well to help satisfy customer needs.

As a result of lower consumer costs, growth in skin cleansing was muted by price declines. The growth of Dove in skin cleaning was helped by advances that were microbiome friendly. In the US, growth in hair care with highly competitive strength was slow and pressure from local players in China persisted. Also underperforming were Japan and Europe.

Pond's and Vaseline continued to do well in skin care, with on-trend innovations such as Glow Up cream by Pond. With the Simple brand, which is now in 30 countries, including Turkey and the Gulf region, Unilever has grown into white space markets.

Oral care increased marginally and growth in Smile was driven by natural variants such as charcoal, aloe and clove. With solid results from brands such as Dermalogica, Hourglass and Living Proof, luxury brands continued to produce double-digit growth.

## **III.III Functional level strategy**

- **Marketing strategy**

The business understands that their consumers prefer better and more sustainable goods, with less chemicals for themselves and their relatives. Nowadays, there are growing worries about pollution, plastic and climate change. People are

searching for eco-friendly goods that are easy to purchase and use, but still effective. Besides care for the world, consumers are rapidly shopping across various outlets and spending more online in pursuit of convenience. Based on media spending, Unilever is the world's second biggest advertiser. In order to communicate with customers and make it easier to pick a Unilever product, they produce a growing amount of personalized digital content themselves.

As they've been for years, Unilever strives to keep their goods better and environmentally sustainable. Increasingly, people are searching for highly personalized goods and services. All Items Hair, an online resource for hair ideas and beauty tips, now provides personalized advice to customers based on AI digital consultations.

**Purposeful brands:** Dove is working with women & non-binary people worldwide to launch Project #ShowUs, a series of 10,000+ photographs that give all media & brands a more diverse view of beauty. The initiative flows naturally from the well-established brand mission of Dove: "to make a positive beauty experience accessible to every woman." In conjunction with Getty Photos, Girlgaze and women worldwide, Dove launched the #ShowUs initiative to shatter beauty myths by creating the world's largest photograph library created by non-binary individuals and women.

At the end of 2019, by activities to facilitate habits such as hand washing with soap and proper oral hygiene, Unilever had touched 1.3 billion people, and improved access to clean toilets and safe drinking water. For example, since 2010, more than 1 billion people have joined Lifebuoy, including 587 million via TV, through its attempts to strengthen hand washing habits. Unilever interacts with institutions such as Gavi to facilitate vaccination and handwashing, and the Power of Nutrition to guide females on the welfare of their children through their cell phones in rural India, including handwashing.

All around the planet, the Beauty & Personal Care brands take a stand and act on social issues. Taking the hair care company, Sunsilk, which is on a quest to open up doors for young people. The Together We Rock campaign is intended to empower women between the ages of 16 and 24 to support each other and become more capable of achieving their goals. **CLEAR** also launched a cutting-edge resilience program, the Resilience Bootcamp, the goal was to help young adults overcome anxiety issues and fulfill their maximum capabilities.

**Core on trends:** Demand continues to rise for more sustainable and balanced approaches to beauty and wellbeing. More natural goods are now sold by several of Unilever's existing brands. Signal toothpaste has a new collection of Natural Elements,

and with green tea, charcoal and sea minerals, Lifebuoy now has soap bars. And with a multimedia plan providing voice messages related to the time of day, StIves also introduced a face mist range with fragrance designed to increase mood.

**Superior core:** Using innovative technologies, Unilever is now making more successful goods. Rexona launched a package of Clinical Protection that is three times better than all-normal antiperspirants in 2019 that will last for more than 96 hours. It is operating in four markets currently.

Unilever does not test its products on animals and has been certified to be PETA cruelty free. In 2018, People for the Ethical Treatment of Animals (PETA) certified Dove as cruelty-free, then the animal rights organization has now certified three more brands of Unilever: StIves, Simple, and Love Beauty and Planet.

Unilever has promised to ensure that, by 2025, all of its plastic packaging is reusable, recyclable or compostable. The consumer products business operated by Axe, Dove and Degree has undertaken to crack down on landfills and move towards a "circular" consumption paradigm. Plastic is a growing market major issue, and Unilever is working hard to make usage of less or no plastic for its products. Dove, for instance, revealed aggressive plans to do all three across its product range, including by the end of 2019 switching to 100% recycled bottles. All Items Hair operated refill stations for shampoo and conditioner successfully, and Signal introduced the natural bamboo toothbrush for the first time. There is an innovative technology which has made the black TRESemmé and Axe packages recyclable. Rexona, Axe, Dove, Love Beauty and Planet, Signal and REN Skincare are the six names that Unilever confirmed at the World Economic Forum that would start using TerraCycle's new global Loop system to refill and reuse containers.

In other ways, Unilever is developing goods that are safer for the world. In the United States, the firm launched a fresh 'no-rinse' conditioner, the decent stuff, which saves 420 liters of water per container. As Unilever expands its line of eco-friendly goods, there's always a lot to do. But in the correct direction, they are taking efforts.

**New brands:** In 2018, for instance, Love Beauty and Planet, which was first published in North America, is now broadly popular in Europe, Asia, and Latin America. In Europe, consumers love Schmidt's Naturals, a recently acquired US personal care brand.

The rising demand for luxury beauty continues to be fulfilled by prestige brands. The company launched two new brands to its collection in 2019: Garancia, a French

derma-cosmetic brand that offers 38 premium skincare items for the face and body, and Tatcha, a leading North American prestige skincare brand inspired by Japanese beauty practices.

By acquiring Parogencyl and Fluocaril, famous oral care products endorsed by health practitioners that are marketed mainly in pharmacies in Spain and France, Unilever increased several therapeutics available to customers in 2019.

- **Financial strategy**

By purchasing Garancia, a French derma-cosmetic company, and Tatcha, a western skincare brand based in Kyoto, Unilever did a fine job enriching their portfolio. While in 2019, Carver Korea and Sundial had a difficult year. It is reportedly that the underlying operating profit rose from €417 million to €4,960 million. Gross sales performance and the underlying operating margin increased by EUR 274 million and EUR 143 million respectively. The underlying operating margin gain of 70bps was driven by the efficiencies in brand and marketing spending and the overheads of the zero-based budgeting program. The non-inferior costs of EUR 440 million were marginally higher than last year; most of them were attributable to the current restructuring program. Operating profit rose to EUR 355 million.

- **Purpose-led performance**

As well as expecting predictable financial returns, the interested of shareholders are increasing in the environmental, social and governance (ESG) facets of business that are so important to providing value. Unilever's long-term pledge to ESG is part of the Unilever Sustainable Living Programme. The emphasis and success on being a more profitable company allowed Unilever to come back again to be one of top company in the Dow Jones Sustainability Index.

- **Accelerating growth**

Unilever is renovating its established labels to suit evolving trends, developing new brands (eg Love Home and Planet) as well as making acquisitions of fast-growing markets such as plant-based food and prestige beauties. In the past five years, more than 30 firms have been purchased, including nine in last year 2019. In January this year 2020 it informed that it will pursue a strategic analysis of the global tea market.

- **Transforming for success**



The transformation is underpinned by technology, which makes a difference at any point of the process. It helps to boost the availability of raw materials, for example, by exploring the ability of AI to measure ideal harvest times and increase the productivity of tea plantations in Kenya. And they are generating new efficiencies in production processes. 31 Unilever locations streamed live data using a 'digital twin' that monitors physical environments and uses machine learning to interpret data and refine operations, minimizing both waste and energy usage at the end of 2019. They also build digital partnerships with consumers and develop better, more cost-effective business models. Bringing ever closer to customers by using sophisticated analytical methods. Digitalization efforts such as these allow investment more successful, help create more effective innovation capabilities and ensure that they are more receptive to customer trends.

### **Research and Development (R&D)**

Unilever has seen to be one of the top places to work by the world; hence, they are committed to be an organization where creative, purposeful people can develop both themselves and their companies. There is no more important place to start than with Unilever's own employees, as Unilever keeps the organization ready for success now and in the future. Simply stated, the quality of Unilever's employees and the quality of their company are one and equal. The idea that individuals with a reason are flourishing is at the core of their corporate philosophy. Unilever is also building a workplace and community that would make it possible for their 150,000 workers to operate in ways that complement their individual lives and values, while at the same time maintaining a stable workplace and a match for the future. In order to satisfy the changing demands of customers and continuing to recruit the brightest, Unilever is going past the conventional paradigm of jobs and working practices.

- **More flexible and agile working**

Continuing to be an industry-leading enterprise and employer means moving towards quicker, smarter ways of operating at all levels of the organisation. Unilever is now changing its ethos in order to promote greater mobility and transparency. There is a forum called Flex Experiences that allows staff an opportunity to share their skills and knowledge with people on other teams and in other countries. Live in 20 industry sectors, it has reached over 40,000 individuals in more than 100 countries and has unlocked over 100,000 hours of new career and professional experience. Unilever has since improved the manner in which success is handled by empowering workers to set expectations for more creative, entrepreneurial methods of operating during the year. In 2019, Unilever had 30 agile teams focused on business-wide pilot programs. So far,

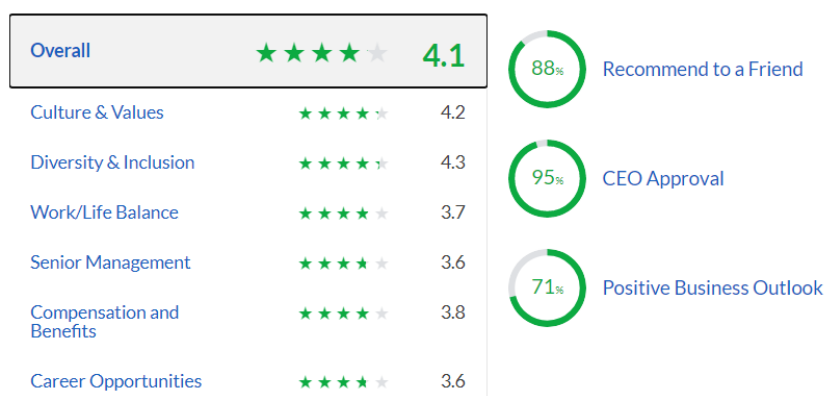
the findings have been good, which not only increases people's pace and agility, but also makes them become more involved. Unilever claims that encouraging workers to work flexibly would help Unilever recruit talented staff and potential leaders. It could draw, for example, contractors, consultants and independent project.

- **Lifelong learning**

Unilever uses interactive tools to allow people power of their own learning. In 2019, more than 54,000 staff used Degreed, an online learning site that holds over two million pieces of content in a number of formats and 20 languages. About 18,000 staff have gained new technical skills, such as agile processes, data analytics and innovation, through their programmes. In 2019, Unilever made a pledge to collaborate with the European Works Council on a plan for the future of work. Any employee will be asked to draw up a qualifications, skills or employability plan so that they are able to respond to the changing shape of work in the years ahead.

- **Listening to Unilever people**

To continue to be an attractive workplace, they need to consider how their workers feel each day. As a result, they capture real-time data on topical problems through monthly pulse surveys and other crowdsourcing methods. In 2019, more than 22,000 people gave input. They also carry out a more detailed survey, Univoice, once a year. That was in 2019. 82% of those invited to react met nearly 90,000 workers. As an external benchmark, Unilever is now looking at how customers rate them at Glassdoor, Employment and Recruiting. The November 2020 figures show that 88% would recommend Unilever to a friend and 95% would approve the CEO of Unilever. As a result, their ranking stands well above the site average.



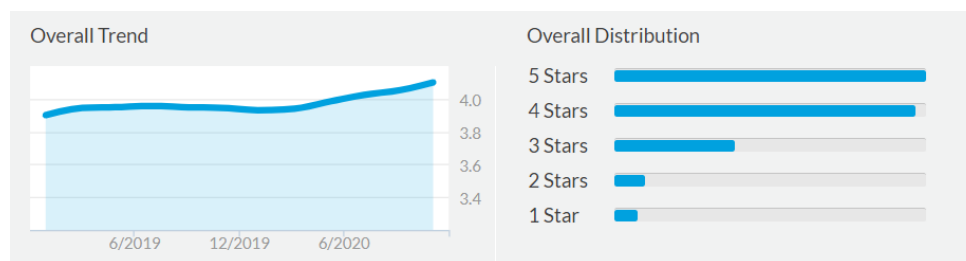


Figure 2: Unilever's UniVoice rating

### Acting with integrity

Another factor is to provide a forum for Unilever's staff to expose corporate ethics matters such as anti-bribery and misconduct that Unilever clearly does not tolerate. Unilever has specifically established ethical and fairness standards that extend to all its employees. A 24-hour whistleblowing line is provided by Unilever on the phone or online. In 2019, 1575 complaints from whistleblowers were issued by Unilever. Unilever closed 1410 of these and confirmed 733 as violations that resulted in 413 individuals leaving the group.

### Safety at work

The safety of the employee in Unilever and those involved with Unilever is paramount. Total Recordable Frequency Rate (TRFR) rose from 0.69 in 2018 to 0.76 injuries per million hours employed in 2019 (1 October 2018 to 30 September 2019). After a rise in injury rates in the first six months, partially due to the inclusion of decentralized business units. For the next six months, the incidence rate decreased dramatically, in line with the decreasing pattern for Unilever year-on-year (YoY). Unilever is committed to fulfilling its "Vision Zero" plan and will strive to pursue changes that will make us better.

This year, Unilever implemented a one-hour stand-down for accidents that occur while at work worldwide in all Unilever activities, with a ULE leader or country general manager traveling to the fatality site to review the event and results. In order to ensure better enforcement and oversight of safety practices, Unilever has also held safety activities covering all third parties in development, logistics and delivery.

- **Distribution**

### The changing customers' world

Unilever partners in over 100 countries with 25 million retailers' outlets in its distribution network, with 60% in developed and emerging markets. The business partners closely with clients to boost revenue while transmitting the positive influence of the purpose-driven products of Unilever. This may mean partnering together on new products or advertisements for the reason or proposing the correct selection of goods based on user insights.

The world of retail is rapidly changing. People no longer just purchase in a place, they use a number of outlets, both offline and online, and require a smooth experience throughout. The business is seeing a switch towards e-commerce and grocery stores in developing and emerging countries, and towards these and discount platforms in the developed world. An effective multi-channel strategy, delivering the right goods at the right prices in the right areas, therefore is becoming ever more important.

### **Reinventing retail**

In growing platforms such as health & beauty from home and e-commerce, Unilever is developing how to ensure that they have the right presence. In order to build additional business opportunities, the organization also works with small and larger distributors.

### **Growing e-commerce**

The prediction for worldwide e-commerce growth for 2019 was 20%. E-commerce revenue from Unilever rose 30 percent, accounting for 6 percent of revenues (including revenues to consumers both by Unilever and by retailers via their e-commerce platforms). In the high-speed industry, the company needs to move faster, collaborating with customers who share their vision to expand through e-commerce platforms. Unilever has partnered closely with Alibaba, JD.com as well as other online stores this year as part of the one-day Double 11 Chinese buying gala. Those include, among other items, an on- and site immersive shopping experience advertising luxury goods such as botanical shower gels from Lux, and Love Home and Planet.

The business also collaborates on omni - channel distribution models through platforms with major retailers such as Tesco, Carrefour and Walmart to ensure that they satisfy customers; however, they prefer to shop. The goal of Unilever is to develop a balanced e-commerce model that encompasses e-commerce retailers, internet sales of

bricks and mortar, and direct-to-consumer firms.

### **Partnering for growth**

A core aspect of their strategy is helping Unilever's big box supermarket partners to create improved in-store services and more digital offerings. They associate with retailers such as Woolworths (Australia) and Target (US) to build more exciting shopping opportunities by creating a modern in-store experience for the beauty product of Target through more customized and productive promotions, for example. Unilever established joint business strategies, Coles (Australia) for example, has created a variety of protein, low-calorie, vegan and natural ice creams to capitalize on all of these high-growth opportunities.

### **Empowering small retailers**

Digitizing the supply chain of distribution such that smaller stores can order Unilever goods 24/7 is essential to establishing direct partnerships, presenting the company and its consumers with growth opportunities. Unilever launched a self-ordered mobile app in Indonesia and a telephone ordering option for small shops. In India, the company developed the Shikar app for traders, who can place orders without waiting. Unilever is also developing new financial models that enable smaller merchants to obtain loans to purchase stock, such as micro-credit collaborations with Mastercard in Kenya and Telenor in Pakistan.

### **Selling with purpose**

The business partners with its clients to make their products more recognizable everywhere shoppers are. In order to encourage them to buy, purchase and behave in a more sustainable way, the organization needs to connect consumers on all retail platforms, which also contributes to more consumer purchases and revenue. One way the company does it is to put its goods to life in shops. The organization has collaborated with Walmart in the United States and Puregold in the Philippines, for example, to educate consumers to make products more recognizable wherever shoppers are. In order to inspire them to purchase, eat and live more sustainably, Unilever needs to reach consumers on all retail platforms, which also contributes to more consumer purchases and revenue.

The extension of scope across last-mile and micro delivery models is part of sale with purpose. Programs such as Shakti, which sells more than 100,000 women directly to homes and villages in rural areas in 5 countries, and I'm Wall's, which has generated new livelihoods across over 20 countries for thousands of micro-entrepreneurs, are

helping Unilever spread reach and make differences to customers' lives.

Via a number of measures to eliminate and reuse plastics in supermarkets, Unilever is already making a difference to the world. For starters, the organization is testing refill stations with clients in the US and Europe and is trying to extend these projects. For more about how recycled packaging is being approached.

### **Fitter for the future**

In addition to working with people to make them feel more fit for the future, they adapt their own working practices. They are striving to make their activities smarter and easier by being more streamlined and interactive. The corporation reviews and refines its core processes and uses AI to become more responsive and effective with consumers by more complex resource planning and improved marketing, for example.

The organization will ensure that its logistics systems are equipped for the changing buying preferences of individuals all over the globe by concentrating constantly on consumers, partners, and networks.

## **Chapter 3 Strategic Map of Unilever**

### **The Unilever Sustainable Living Plan (USLP)**

Other than making some of the world's great brands in the industry, Unilever are also on the journey to decrease harmful footprints on the environment and increasing the positive social impact. There are **three big goals** needed to be achieved in the sustainable plan, underpinned under **nine commitments and targets** spanning on social, environmental and economic.

Unilever has the basic goal of making life together in a healthy way. In the eyes of customers, manufacturers and vendors, Unilever explicitly strives to be distinctive. This ensures that Unilever will now pursue an optimistic vision – doubling the company's scale while reducing its environmental footprint and increasing its positive social impact. They invest in people whose skills will enable Unilever to win through products and creativity, unrivaled success on the market and a constant emphasis on enhancing its performance constantly. to fulfill Unilever's expectation for growth. Unilever environmental and social goals are guided by the Unilever Sustainable Living Plan (USLP), It has economic advantages and works across all Unilever brands, regions and the whole supply chain. And when economies are

challenging, sustainability cannot be overlooked by Unilever. If they did, this would reduce Unilever's potential resilience to its long-term shareholders. They will continue to collaborate with others and concentrate on the places where Unilever will achieve the greater progress and promote the UN Sustainable Development Goals (SDGs).

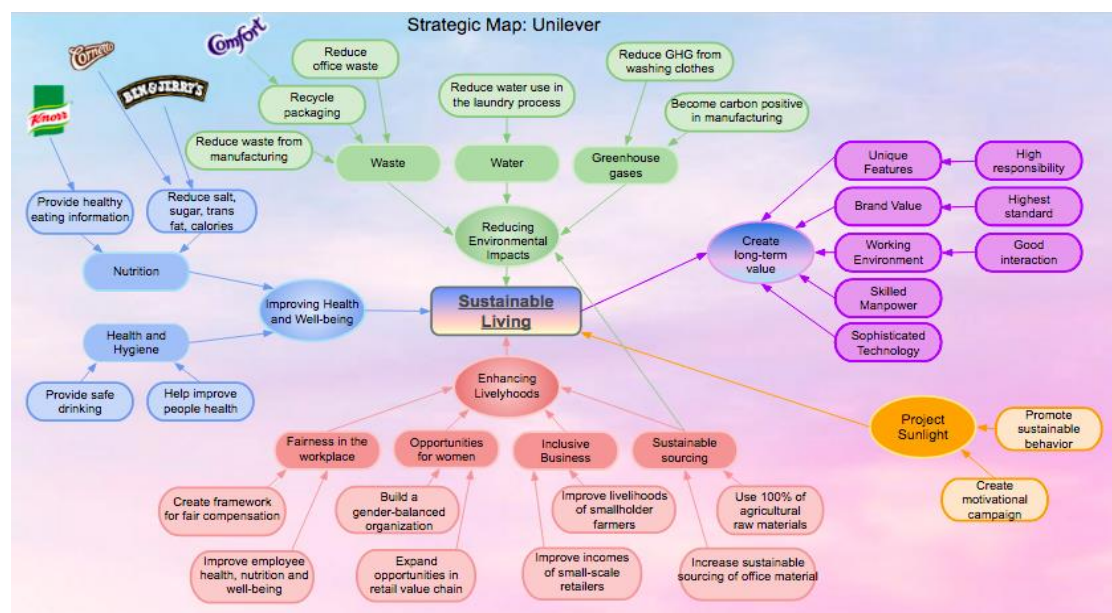


Figure 3: Strategic Map of Unilever

## Improving health and well-being

Unilever will support over a billion population to boost their fitness and well-being by 2020. Since the launch of the program, they have sponsored over 1.3 billion people

**Health and Hygiene:** A billion people will be helped by Unilever to improve their health and hygiene. This would continue to eliminate diseases like diarrhea that are life-threatening.

### The actions:

1. Provide clean water.
2. Improve access to sanitation.
3. Enhance dental hygiene.
4. Enhance self-appreciation.
5. Aid in treating skin

**Nutrition:** Unilever is actively working to enhance the flavor and consistency of its consumers' food. Most goods match or are better than national dietary guidelines thresholds.

The actions:

1. Trans-fat: lowering fat; increasing critical fatty acids; decreasing Trans-fat in even more goods.
2. Remove trans-fat.
3. Lower sum of sugar.
4. Calories reduction: in ice cream & ice cream products for kids.
5. Provide good nutrition detail.

**Reducing environmental impact:** The aim of Unilever is to halve the ecological consequences of the production and use of products as the company expands. Since 2010 the influence of greenhouse gas and water has risen, and pollution impact has decreased.

**Greenhouse gases:** By 2020, Environmental impacts from their factories will be at or below 2008 levels amid substantially higher amounts. The effect of greenhouse gasses on customer use has risen by about 2% since 2010.

The actions:

1. Become pollution efficient in production: all renewable energy sources; renewable power grids; exclude coal from the energy mix; make excess energy accessible to households.
2. Decrease greenhouse gases from washing clothes: reformulation; reduce Emission of greenhouse gases from shipping; reduce Emission of greenhouse gases from refrigeration; reduce electricity usage in the departments; help decrease transportation for employees.

**Water:** since 2008, around 47% of reduction in water abstraction per ton of production from Unilever.

The actions:



1. Decrease the use of water in the washing process: goods that use less water. Decrease water being used in farming.

**Waste:** The effect of waste per user use has decreased by about 32% since 2010. In comparison, since 2008, Unilever has seen a ninety-six per cent drop in gross waste per ton of output.

The actions:

1. Improve productivity from production: no non-hazardous greenhouse gas emissions; recycled, reusable or environmentally friendly plastic packaging; minimize packaging.
2. Reuse and recycling packaging: improve recycling and recovery rates; improve recycled material; address garbage bags; remove PVC.
3. Help decrease office waste: recycle, reuse, recover; reduce paper consumption; remove paper in phase.

**Sustainable sourcing:** About 62% of farm raw resources was committed to sustainable by the end of 2019. By 2020 they will affordably supply 100% of our raw ingredients.

Resources:

1. Sustainable palm oil.
2. Paper and board.
3. Soybeans and soy oil.
4. Tea.
5. Fruit.
6. Vegetables.
7. Cocoa.
8. Sugar.
9. Sunflower oil.
10. Rapeseed oil.
11. Dairy.
12. Fairtrade Ben & Jerry's.
13. Cage-free eggs.

14. Increase sustainable sourcing of office materials.

### **Enhancing livelihoods**

Unilever will enhance the livelihoods of millions of people as they grow the business. They have continued to make progress across their Enhancing Livelihoods commitments.

- 1. Sustainable sourcing.** (Go to 2.4)
- 2. Fairness in the workplace** Seventy percent of production spending by vendors satisfies the required criteria of Unilever sustainable development strategy. They continued to incorporate human rights, reflecting on eight main topics in our Human Rights Research. Total Recordable Protection Frequency Average hit 0.76 per million hours employed.

#### The actions:

1. Using UN Corporate and Civil Rights Guiding Principles.
2. Full of the procurement expenditure corresponds to our Responsible Sourcing Policy.
3. Establish an equal compensation system.
4. Develop fitness, diet and well-being for workers.
5. Improve safety and incidents at work.

**Opportunities for women** Today, 2.34 million women have access to projects aimed at promoting their wellbeing, enhancing their expertise or expanding their roles with Unilever.

#### The actions:

1. Develop an organization with a gender diversity with an emphasis on administration
2. Supporting female's protection in our neighborhoods
3. Improving technical expertise and education

#### 4. Broaden the supply chain capabilities

**Inclusive business** from 2019, 793,000 landowners and 1,81 million subsistence farmers will have access to activities to improve farming activities or increasing incomes.

##### The actions:

1. Develop farmers' livelihoods, raise small farmers merchants' incomes

#### **Long-term value plan**

To create a sustainable economic model for Unilever, a long-term value plan for optimizing the competitive advantage and competencies of the company is a must. Fives items below are necessary factors that could help in bridging the gap between performance and opportunity, thus helping Unilever in being a big leader in the industry.

#### **Unique Features**

For any standard organization, a 32 percent cut in energy-related emanations from assembling, or a 11 percent decrease in bundling waste shipped off landfill, may seem like fair, yet barely progressive, progress. In any case, buyer products monster Unilever is no common organization. These accomplishments, definite in the most recent update to the Unilever sustainable living Plan (USLP) may be moderate in rate terms, but since of Unilever's sheer size, one may state it's unleveraged they speak to significant outright reserve funds.

For Unilever, with almost €50 billion in deals in 2013, size issues. USLP execution can influence entire business sectors. The USLP likewise perceives that Unilever has the weight to make sure about maintainability gains by pushing for inescapable shopper conduct change. The organization is taking a shot at items with diminished natural effect in its utilization stage. One model featured in the refreshed USLP is a compacted antiperspirant, which parts fuel utilize and can be fitted into more modest canisters, diminishing interest for bundling materials. The organization has likewise begun a worldwide inspirational mission, Project Sunlight, to advance more supportable conduct. Indeed, Unilever expands its offers to help its operations outside its business. The refreshed USLP says that the organization is trying to avoid deforestation, focus on maintainable agriculture with small-scale farmers worldwide

and help over a million customers access safe drinking water. For a buyer merchandise creating organization, to advance Sustainable Living Plan and climate agreeable assembling makes certain to give Unilever a more exceptional methodology in the eye of the buyers.

### **Brand Value**

Unilever has succeeded in building long-term relationships with customers. This making Unilever became the world's third largest FMCG Company around the globe. To make customer satisfy is the company's core concept regarding brand value. Since Unilever products consist of local and regional varieties that lead to customer satisfaction in many ways and the products are associated with highly research about each area's culture. For Unilever brand, it makes consumers look valuable, experience joy and become more normal in their lives and is the most popular feature of the Unilever brand. Most Unilever products are thus sold on the market as a daily consumer commodity. It has proved its strength in supplying reputable, consistent, leading products in virtually all levels of society.

### **Working Environment**

Over the past few years, there has been some criticism against Unilever for violating human and worker rights in some regions, mainly in South Asia Regions. Situations like mercury exposure in India, labor abuses in palm oil supply chains, worker rights issues in factories in Vietnam are to name a few. Despite these controversies, Unilever is still one of the most desired companies people want to work in. The whole package Unilever offers to its employees is very attractive. This gave Unilever a chance to redeem its image regarding the working environment worldwide.

### **Skilled Manpower**

The human asset (labor) is considered the most basic to any authoritative endurance with a sufficient flexibility of materials and budgetary assets. In their day-to-day job, they encourage their members to support high moral guidelines pertaining to the qualities of the organization: trustworthiness, respect, responsibility, and the sign of the spearheading soul. If the company has people with a victorious mentality, an energy for consumers and a hunger to accelerate individual execution, rational beneficial growth will be accomplished. Norms of Leadership are practices Unilever Expects to find in its workers since they drive the organization's presentation and culture. Characteristics like a development mentality which is a positive, yet reasonable, demeanor about the organization's future; purchaser and client center which

is reason driven authority; and responsibility and obligation which is execution driven initiative. Unilever dispatched the "Building Talent and Teams" program which is an individual's driven initiative. It implies putting resources into individuals' turn of events and building groups that cooperate to accomplish organization objectives.

### **Sophisticated Technology**

Since Unilever launch in the 1930s, the company has been creating a lot of products which are produced with technologically advanced and innovative. Unilever uses the latest technology in the production process for more efficient production. For example, there innovation of using material that can be use again.



## Chapter 4 Five Forces Analysis

### Potential Entrants (Low)

In the consumer goods sector, Unilever competes with established and emerging firms. This portion of the Five Forces review takes into account the impact of different entrants on the business environment. The following reasons are responsible for Unilever's weakness:

- **Low switching costs (strong force)**

New entrants can impose a strong force on Unilever due to their low switching costs. For example, different goods from new companies can easily be attempted by consumers.

- **High cost of brand development (weak force)**

The capital requirements in the industry are high and it is difficult for newcomers to establish companies because high costs have to be met. The costs of capital are also high as a result of high R&D costs. All these factors make the risk of new entry into the industry a weaker force.

- **High economies of scale (weak force)**

In the industry in which Unilever currently runs, economies of scale are very complex to achieve. This simplifies the cost benefit of massive condensers. Manufacturing is also more costly for new entrants. That weakens the threats of new competitors.

- **High product differentiation (weak force)**

In the sector where companies sell varieties of products rather than standardized products, the product distinction is strong. Buyers also buy products that have a variety of type and standard. There is also heavy focus on communications and consumer relations. All these considerations should not make this sector too vulnerable to newcomers.

- **Easy access to distribution networks (strong force)**

For new entrants who can effectively establish and enter the business their distribution channels, access to distribution networks is convenient. It's easy for any

potential competitor to get the goods on the store, because only a few chain stores sell the product. All these factors make the threat of new entry into this industry a strong force.

- **Strict government policies (weak force)**

Governments require strict registration and legislative considerations before a company can begin selling in the industry. This makes it tough for newcomers to join, so the danger of potential newcomers becomes a weak force.

**As a result**, Amid the potential competitor, the business is still solid. On the basis of this section in the review by the Five Forces model, Unilever's industrial climate has a small danger of potential entrants.

**In the geographical side**, the threat of potential newcomers varies in markets because Unilever operates on several markets worldwide. It is very tougher for newcomers to enter the market due to the high cost of starting a business in the developed countries where big businesses like Unilever have both a solid position and a brand image. On the other hand, the market is more easily legalized on the less developed countries' markets and not much capital is required. Unilever is present either in subsidiaries, branches or franchises in nearly all markets. The brand image thus represents a concrete barrier for newcomers.

### **Bargaining Power of Unilever's Customers/Buyers (Strong Force)**

Since Unilever business are depending on consumers response, the influences of buyers is considered strong force on that bargaining power if customers.

- **Low switching costs (strong force)**

Most of the FMCG products are not very different in price. The low switching costs make it easy for customers in order to transfer from Unilever's products to other products.

- **High quality of information (strong force)**

With the development of technology advanced, consumers are easier to search and find about the information of products and can many of small company are easier to reach consumer. This make consumers have more chance on choosing products.

### **Bargaining Power of Unilever's Suppliers (Moderate Force)**

- **Moderate size of individual suppliers (moderate force)**

Most of Unilever's suppliers are at the small and medium size, only few are at large size. Therefore, for the firm like Unilever, small and medium suppliers are enabled to have that strong force.

- **Substitutes (Moderate force)**

The low cost of swapping encourages customers to use replacements for Unilever's goods quickly. This external factor puts a heavy force on the business and the world of the consumer goods industry. However, owing to the limited supply of replacements, the net effect of substitution is diminished. Unilever's Close-Up toothpaste is easier to access from drug stores, for example, than to purchase alternatives such as handmade herbal dentifrice. In contrast to other alternatives, as opposed to manufactured products readily available on the market, they have poor efficiency with a marginal or negligible cost differential. This situation makes the goods of Unilever more desirable than alternatives, thereby further weakening the strength of the substitution hazard. The only replacements available are of high quality, but they are far more costly. Comparatively, businesses producing within the market in which Unilever works are selling with acceptable efficiency at a lower price than alternatives. This means that it is less likely that consumers will turn to alternative goods. This means that the threat of alternative goods in the sector is small.

- **Industrial competitors (high force)**

A huge corporation like Unilever is recognized all over the world and operates like a global company. The rivalry is thus extremely significant and sufficiently powerful. There is an important customer base for a few rivals. This ensures they take strategic steps to put themselves to become industry leaders. Not only are those who are small companies, there are also massive giants such as P&G, Kraft, and NESTLE in the industry as well. They are still the largest businesses on the industry which mainly confuse consumers about the goods on the market that are similarly enticing and best-performing. The consumers can quickly turn to another brand with low switching costs.

The Unilever market is rising annually and this is anticipated to remain for a few years. A successful business investment indicates that rivals are less likely to compete



because of the loss of share of the market. This makes competition between established businesses a weaker market force.

In the sector wherein Unilever resides, the operating costs are astronomical. This leads to a broad spectrum of businesses within the industry. This also means that as demand slows, some firms drop their costs. This increases the competition between current players in the industry.

In the sector where Unilever performs, the manufactured goods are strongly distinguished. Consequently, rival businesses are difficult to attract on each other consumers since each one is different. This makes competition between existing companies a weaker market force.

The manufacturing of goods in the industry needs substantial improvements in capability. This leads to disturbances in the production and consumption dynamic in the market, which also lead to overproduction. Overproduction ensures that businesses must lower costs in order to ensure that their goods are sold. This increases the competition between existing companies in the industry.

The industry's exit difficulties are extremely crucial because of large costs in resources and assets needed to run. Owing to government rules and prohibitions, exit barriers are also high. Which causes businesses in the industry hesitant to leave the industry, and still trying to sustain the business even making low profits. This increases the competition between existing companies in the industry.

All tactics of the businesses in the industry are varied, meaning that they are strategically different. This leads to a fighting straight to approach to each other's plan. It allows the competition among established companies a strong force inside the sector.

### **Conclusion: Industry profitability**

In 2019, the Unilever Group's global revenue was about 60.167 billion USD. In terms of revenue, the company was listed as the 167th company worldwide and as the second company worldwide in the Household and Personal Products industry.

Unilever strategists can achieve a full understanding of what drives the organization's performance in the home and personal care goods market by evaluating all the five strategic powers. The organization can detect game changing dynamics and can rapidly adapt to take advantage of the evolving potential. Unilever's managers will form certain forces in their favour by knowing the Porter Five Forces in great details. The following is the 3 key influences in the industrial profitability:

### **The value of the product to customers**

One of the greatest factors influencing Unilever's consumer products sector is the bargaining power of buyers. Sometimes, consumers are a competitive bunch. They want to buy the best items by paying the minimum cost. This imposed pressure on the long-term viability of Unilever. The lower and larger Unilever's client base, the greater the consumers' purchasing power and the greater their ability to demand rising discounts and offers.

### **The intensity of competition**

In the household and personal goods business environment, the negotiating power of manufacturers is a major but modest consideration. Nearly all firms in the field source their raw materials from various manufacturers. The general consequence of increased bargaining power for manufacturers is that it decreases the total profitability of Personal goods.

Unilever competes in the consumer goods industry with existing companies as well as emerging firms. The low cost of swapping encourages customers to use replacements for Unilever's goods quickly. The possibility of new entry, however, is a minor problem in the market climate of Unilever.

Inside the sector, the possibility of alternative goods is also weak. The risk of a replacement product or service, though, is strong if it provides a value proposition that is uniquely different from the industry's existing offerings.

Unilever is a massive organization that acts as a global corporation and is well known across the planet. The competitiveness is, however, very high and intense enough. A few players have a major share of the industry. This means that they will take strategic action to obtain a role to become leaders in the industry. If there is strong rivalry between the existing competitors in a sector, it can push prices down and reduce the overall profitability of the business. This competitiveness takes a toll on the overall long-term sustainability of the organisation.

### **Relative bargaining power at different stages of the value chain**

Product advances not only attract potential shoppers into the fold, but they also offer an impetus for old consumers to purchase the company's goods. Buyers also ask for discounts and promotions on current goods, but as the business wants to manufacture new products, the buying power of customers will be limited. Innovating new products and services can help Unilever tackle the threats of New Entrants, restrict

the bargaining power of Buyers, and also reduce the defection of existing customers of Unilever to its competitors.

By growing economies of scale so that it would reduce the fixed cost per product. Building capability and spending cash on technology development. New Entrants are less likely to go into a competitive market where existing companies like Unilever continue to regularly set the norms. This dramatically limits the window of extraordinary profits for emerging entrants, thus preventing new industry rivals.

Building a broad customer base will help minimize customers' purchasing power and would provide the business with an ability to streamline its distribution and manufacturing processes. By building effective supply chains with different manufacturers and playing with product styles using numerous products, Unilever can handle the suppliers' bargaining power such that if prices from a raw material rise up, the firm could switch to others. Production of committed suppliers whose business depends on the group. One of the Unilever N.V. Lessons learned from Wal-Mart and Nike is how these corporations have formed third-party suppliers whose whole business depends on them, producing a position where, relative to Wal-Mart and Nike, these third-party vendors have substantially less negotiating leverage.

By establishing a sustainable distinction and building scale, Unilever could tackle Intense Rivalry among the Existing Competitors in the field, so that it can compete better. Collaborating with peers to boost the size of the competition instead of only vying for a small market.

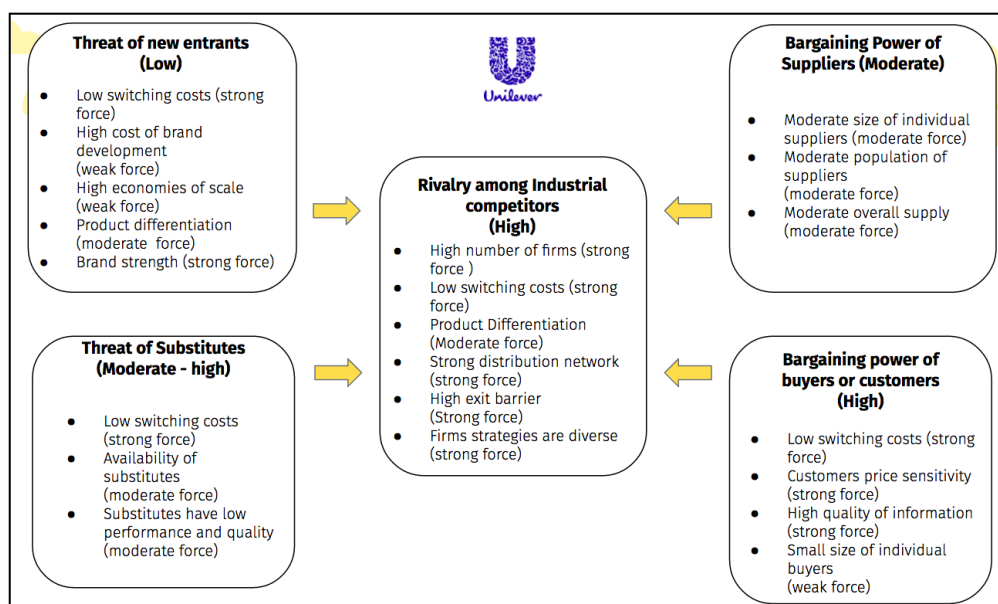


Figure 4: Five Forces analysis of Unilever



## Chapter 5 Strategic Group Analysis

Unilever features a large and diverse portfolio of items including fruit, energy drinks, ice cream and water, household cleaners, cosmetics products and personal care products (about forty percent of its sales). In four divisions, Unilever controls about four hundred brands – Foods, Beverage, Homecare and Cosmetics & Personal Care. Here is a list of businesses selling food, cooking, home care and cosmetics & personal care. Companies have been defined by two variables which are **Number of Brands** and **Geographical Locations**. As a result, by identifying strategic groups by using two mentioned variables, firms are positioned into 3 different clusters which are:

- **Global Company, Super Diverse Brands**
- **Global Company, Wider Brands**
- **International Company, Lesser Brands**

### Cluster 1: Global Company, Super Diverse Brands

Nestlé is a Swiss food and drink processing conglomerate business founded in

1866 headquartered in Vevey, Vaud, Switzerland. With more than 2000 product brands that are divided into Coffee, chilled and frozen foods; milky foods; beverages; food service; health and nutrition; ice cream; pet care product; recites. Almost all of the company's products are available to customers worldwide.

**Coca-Cola Company** is an American multinational total beverage firm, offering more than over 500 brands—from sodas to waters, from coffees to teas, from juices to kombuchas—in more than 200 countries. **Non-food assets:** Columbia Pictures, World of Coca-Cola (a multi-storied exhibition)

**Unilever Company** is an Anglo–Dutch multinational consumer goods firm, headquartered in London, United Kingdom founded in 1929. 2.5 billion people use Unilever products each day. With 400+ Unilever brands are consumed global within 190 countries around the world.

## **Cluster 2: Global Company, Wider Brands**

**The Procter & Gamble Company (P&G)** It was founded by William Procter and James Gamble in 1837, a US global consumer goods enterprise with its head office in Cincinnati, Ohio. P&G will concentrate on 65 separate products that include: cloth care; care for the home; care for infants, women's care; oral care; care for families; care for the hair; care for the personal health; skin & personal care.

**Johnson & Johnson** It was founded in the year 1886 as an United states conglomerate that produced medical equipment, prescription products and branded consumer goods. Headquartered in New Brunswick, NJ, Johnson & Johnson's Consumer Group in Skillman, New Jersey. The company consists of 250 branches in 60 countries and more than 100 labels distributed in over hundred and seventy five countries.

**Colgate-Palmolive Company** is an American multinational consumer goods company Categories: (1) Oral care, (2) Personal care, (3) Home care, (4) Pet care, The global brands are sold in over 200 countries and territories.

**Kimberly-Clark Corporation** is an American multinational personal care business that offers mostly paper-based consumer products. Kimberly-Clark Corporation has been trusted in more than 175 countries.

**PepsiCo, Inc.** It is an American international fruit, snack and beverage company. The manufacture and commercialization of meats, drinks and other products dependent on corn, such as fruits, vegetables and fiber. The Group includes seven big

divisions, 200 countries: PepsiCo Drinks North America; Frito-Lay North America; Quaker Foods North America; Latin America; Europe; Asia Pacific, Australia and China.

### Cluster 3: International Company, Lesser Brands

**Charoen Pokphand Group (CP)** is Thailand has Thirteen corporate entities as the biggest private corporation. Thailand The Company invests in 21 countries by 2020. It has controllable stakes in the world's biggest grain, shrimp and seafood, pork, and other agri-business foods, Charoen Pokphand Foods (CPF). Company of its subsidiaries: beef, grocery, telecom, convenience store, land property.

Company	Countries	Brands
Johnson & Johnson	175	100
P&G	180	70
Unilever	190	400
Coca-Cola	200	500
Nestle	187	2000
Colgate-Palmolive	200	50
PepsiCo	200	23
Charoen Pokphand	20	17
Kimberly-Clark	175	34

Table1: Summary of Company's Brands and Location



Figure 5: Unilever's Strategic Group

### Internal competition of clusters

Cluster 1 Global Company, Super Diverse Brands has intermediate internal competition between each of the companies. According to the figure, Nestlé holds the most favorable positions, followed by Coca-Cola and Unilever. As for Cluster 2 Global Company, Wider Brands, the level of intra competition is the highest compared to the other clusters since the majority of companies are gathered in this cluster. In addition, it can be seen that Cluster 1 and 2 are grouped together quite closely, which indicates that there is an intense rivalry when it comes to the range of products and the dispersion of location among the most profitable companies within the industry. Cluster 3 International Company, Lesser Brands has no internal competition between each of the companies in our case.

### Mobility barriers among clusters

Mobility barriers refer to inhibiting factors that prevent workers, capital, or companies from moving from one location or position to another location or position. For companies, barriers restrict companies from moving between strategic groups, between market segments, or to enter and exit markets. Companies cannot move from one strategic group in one industry to another for some reasons, including investment costs, the nature of the market, and the company's internal capacity.

- **Labor Barriers**

Barriers to mobility restrict workers from moving between companies, different jobs, different domestic areas, or even between countries. When they move, there are several risks that they need to bear, including salary, seniority, retirement rights, and a supportive work environment. When they move geographically, they also face problems related to housing, transportation, immigration control, language and cultural differences, and recognition of their qualifications. For the latter, workers may have received professional certification, but that applies only domestically, not abroad. Thus, when working abroad, the certification is no longer an acknowledgment of their expertise. For instance, if Unilever move to another cluster that has fewer brands, it means Unilever needs to close their factory and fired a lot of workers. The cost will be much higher and cut their net income.

- **Capital Barriers**

Capital mobility is vital in driving up economic growth. When capital moves freely, it allows its most valuable use. Capital mobility allows companies or countries to access global savings with lower interest rates. Of course, low interest makes investment costs and increases production capacity cheaper. But often, capital flows are hampered by several controls that the government enforces. Among these controls are certain transaction taxes, duration of the flow, nominal of investments, foreign exchange controls, and ownership controls.

According to our analysis, it is quite difficult for its cluster to move to another cluster since the company needs to prepare a lot of things and the risk is quite high. For instance, Unilever that has more around 400 brands, if Unilever move to another cluster that has fewer brands, it will disappoint a lot of investors that has invested their money in Unilever.

- **R&D barriers**

For enterprises, technical capability is of special significance. Long-term R&D investment will boost the dynamic capacities of organizations and serve as an obstacle to mobility in the emergence of strategic groups (Lee et al., 2002). The investment in R&D is measured by the ratio of R&D expense to sales revenue over the year. According to our groups, each company needs a lot of research to move or enter a new cluster. Thus R&D played a crucial role in each company and could be one of the mobility barriers. For instance, Unilever that has more than 5,000 R&D building their products and brands through innovation. Unilever spends about €1 billion in R&D per year and hold a portfolio of over 20,000 patents and patent applications.



### Which one are the best cluster?

The broader the line of brands the better, which indicates that the differentiation of companies in the cluster are very high. Therefore, the company is able to diversify the risk to achieve greater profitability and help them into markets and industries that they haven't currently explored. In addition, it has the advantage of global dispersion of locations. These companies have an ability to achieve the economy of scale, and also world-class brands perceived value with global reputation from the customer. From the figure we can see that the cluster which consists of Nestle, Coca-Cola and Unilever do not have many competitors for now, that makes this cluster become the least internal competitive one, these three companies have all of those benefits as we said before. Thus, in our opinion the best cluster is **Cluster 1: Global Company, Super Diverse Brands.**

## Chapter 6 Resources and Capabilities, VRIS Analysis

### VI.I Resources

Unilever relies on nature for many of the ingredients and raw materials that make up their products. Unilever has been working on how to be a better decision making while working in partnership with others. Basically, the resources were split into three subdivisions: tangible, intangible and human. Unilever's financial, natural capital and operational resources are among the tangible resources. The first is mainly linked to capital, equity, debt, assets and profits. Annually Unilever publishes reports containing important statistics on the financial position of the organization and these metrics show the direction the company is taking and its growth.

Unilever geographic and operational resources include a wide range of areas where the corporation resides, as its offices, markets, hubs, and R&D centers are geographically located in order to provide optimized reach, providing an incredibly efficient delivery system.

The intangible resources mostly are the critical factors for the company such as its company's background, company's reputation, branding strategies and acquisitions, customer's experiences, loyalty, patents, and copyrights. Throughout its history, by throwing its strength and assets behind programs that support the UN SDGs, the organization is making big improvements. In 2019, Unilever contributed as an

employer, taxpayer and buyer of goods and services with a total amount €34 billion and has an impact on society. USLP offers a platform to improve the health, well-being, and livelihoods of millions across the globe. Via their goods, Unilever will directly benefit the lives of people. By throwing corporate strength and energy behind things that matter, often in partnership with others, such as programs that support the UN Sustainable Development Goals, they will create greater progress (SDGs).

Lastly, Unilever's human resource, Unilever, is responsible to help their employees to improve their healthiness and wellbeing, not only that, but Unilever also encourages people to look after their physical and mental health everywhere. With a total of 7000 employees in the UK, Unilever Responsible Sourcing Policy sets standards on people and labor rights. In 2019, appropriately 70% of procurement investment was accomplished by vendors fulfilling these criteria. In Guatemala, Thailand and Turkey, they undertook external, unbiased human rights impact evaluations. Unilever also emphasizes gender equality among their workforces. Unilever continually partners with UN Women, Unilever believes that one of the most powerful ways to improve the livelihoods, health and wellbeing of everyone is to create more opportunities for women. According to the Unilever Gender Pay report in 2019, 55% of women are in the management positions in the UK business and 47% of apprentices joining science, technology, engineering and mathematics roles were female. So, Unilever invests in women across their value chain – employees, farmers, small retailers – giving them business opportunities and access to training, finance and technologies.

## **VI.II Capabilities**

### **Understanding consumer perception & behavior**

Unilever uses consumer behavioral and sensory research techniques to guide their design and development of new products. Unilever believes in understanding the consumer needs in order to improve their products quality and improve people's quality of life.

### **Enhancing the nutritional benefits of our products**

Unilever actively aims to boost the health advantages of its products. Through their brand departments, Unilever is on the move and in accordance with the Unilever

wellness agenda. By reducing the levels of saturated fat, trans fat, sugar and salt and adding beneficial additives to the required food carriers, they do this. By promoting research and reliable and motivating contact, they promote the claimed advantages of their goods.

### **Creating great tasting food**

These days consumers not only want to experience good taste of products but also, they want to be healthy as well. This could challenge Unilever to many potential technologies they have to create unique taste yet healthy products that are liked by their consumers.

### **Developing foods, you can trust**

All Unilever goods must conform with Unilever's highest expectations for product quality and safety procedures. To ensure the fresh consistency of the ingredients used, Unilever Diet and Health Researchers, Microbiological Experts and Supply Chain Experts will incorporate mild manufacturing strategies for their products.

### **Computer & measurement science support our innovation**

Since the food research is a highly technical endeavor, Unilever's experience in computer science enables them to simplify, streamline, coordinate and promote highly productive exchange of information. Measurement science is important in this respect to include facts on the consistency preservation of their goods during the different stages of manufacturing and during storage.

## **VI.III Resource/Capability Analysis**

<b>Superfluous Strength</b> Geographical Locations	<b>Key Strength</b> Tangible Resource Intangible resource Human resource Innovation Technology Sustainable Acquisition
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<b>Inconsequential weakness</b> Dependence on retailers	<b>Key Weakness</b> Imitable Products
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Table 2: Resource and Capability Analysis of Unilever

**VRIS Analysis**

Resources	Valuable	Rare	Costly Imitable	to	Sustainable
Financial resources	O	O	O		O
Distribution network	O	O	O		O
Employee	O	O	O		X
Patents	O	O	O		X
R&D	O	O	O		O

Table 3: VRIS Analysis of Unilever

Resources	Competitive consequences	Performance Implications
Financial	Sustainable competitive	Above average returns

resources	advantage		
Distribution network	Sustainable advantage	competitive	Above average returns
Employee	Temporary advantage	competitive	Above average to average returns
Patents	Temporary advantage	competitive	Above average to average returns
R&D	Sustainable advantage	competitive	Above average returns

Table 4: Competitive consequences and Performance Implications of Unilever

**Valuable**

- The Unilever VRIS report reveals that Unilever's financial resources are very useful for helping to invest in strategic options. This also helps Unilever to fight external threats.
- The Unilever VRIS Analysis shows that employees of Unilever are a valuable resource for the company. A vast proportion of employees is highly skilled, which leads to more profitable results for the company. The employees are loyal, and the company's retention levels are high. All this results in greater value for Unilever's individual customers.
- Unilever's patents are a valuable advantage according to the VRIS Review because they allow the company to market its goods without foreign intervention. For Unilever, this helps in higher sales. These patents also give Unilever licensing revenue since these patents are provided to another producer.
- The Unilever VRIS analysis suggests that a valuable resource seems to be Unilever's distribution network. This helps in getting more and more clients.

This provides Unilever with higher revenues. It also means advertisements are converted into purchases since the goods are readily available.

- The Unilever VRIS analyzes illustrate that Unilever is a reliable platform for product development. In recent years, there have been a range of new and innovative products. Scientific research and innovation thus provide Unilever with a strategic advantage.

### **Rare**

- According to the VRIS Review of Unilever, Unilever's financial capital are considered to be scarce. Good financial tools are available only to a few businesses in the sector.
- Unilever workers are a special resource found by the VRIS Study of Unilever. These workers are highly educated and skilled, which is not the case for employees of other companies. Better pay and the good workplace climate mean that these workers do not leave for other companies.
- Unilever patents are a rare opportunity found by the Unilever VRIS Study. These patents are not freely accessible and are not held by rivals. This helps Unilever to use them without any pressure from the rivalry.
- Unilever Delivery Network is a rare resource found by Unilever's VRIS Study. This is because it would take a lot of resources and time for rivals to show up with a stronger delivery network than Unilever. These are mostly owned by a few corporations in the market.
- VRIS Analysis might consider research and development to be quite an extraordinary resource because rivals need a lot of money to spend to attain the same product development standard as Unilever.

### **Imitable**

- As seen in the Unilever VRIS Study, Unilever's financial capabilities are expensive to emulate. The organization has accumulated these capitals over the years through protracted revenues. For a long time, new entrants and rivals will need to take equal revenue to accumulate these sums.

- As found by Unilever's VRIS study the Unilever workers are really not difficult to mimic. Since certain businesses should also train their workers to enhance expertise. They will also hire Unilever workers by having better payments, work climate, incentives, development opportunities, etc. This gives Unilever workers a weapon that gives a temporary competitive edge.
- As found by Unilever's VRIS analysis, Unilever's patents are quite difficult to replicate. The explanation is that a proprietary commodity is not lawfully permissible to imitate. The creation and commercializing of related tools is also an expensive process.
- The Unilever distribution network is also quite expensive to mimic by rivalry, as the Unilever VRIS Review described. Unilever has increasingly established this over the years. If other companies want to mimic a similar delivery process, they would have to spend a significantly amount of investment capital.
- Research and development may be difficult to replicate by VRIS, since rivals need a significant volume of expenditure in order to attain the same degree of product innovation with Unilever.

## **Sustainable**

- Unilever's financial tools are structured to capture the benefit as calculated by Unilever's VRIS research. These tools are used to invest strategically; to seize the opportunities and fight threats. These tools thus appear to be a strategic asset for Unilever.
- Unilever patents are not well structured as identified in the Unilever VRIS report. Which implies that the company wouldn't really make effective use of these patents. Untouched competitive edge is not given unless Unilever will start marketing patented goods before the expiration of the patents through a sustainable competitive advantage.
- Research and development were well coordinated through the VRIS Report, as Unilever has spent a significant amount of money in all stages of product innovation within the company product line.

- Unilever's distribution network can be defined by Unilever's VRIS Research. Company is using this channel to connect to its consumers by guaranteeing that goods are accessible at all of its stores. These tools thereby appear to be a factor in success for Unilever.

It was found by Unilever's VRIS study that a sustainable competitive advantage was given by the financial leverage and distribution network. A transient comparative advantage for jobs remains. A means of unused competitive advantage is patents. Finally, a sustainable economic vulnerability also lies in research and production.

## Chapter 7 Value Chain Analysis

This Value Chain Analysis are using to analyze firm's internal activities in order to identify the sources to create its value for the firm's improvement. On the other hand, it is used to identify the company's strong and weak point. Value Chain are divided into two main activities, which are Primary and Secondary activities

### VII.I Primary activities

#### Inbound logistics

Gartner ranks Unilever in the Top 10 supply chains in the world (number one in Europe). A central catalyst at the heart of the company is the supply chain. The team plays a crucial role in supplying consumers and customers with the products; from procurement of raw materials to production and distribution of the finished goods. Approximately 100,000 workers in the Unilever Supply Chain, more than 200,000 separate goods are purchased by more than 160,000 producers globally, and more than 1.5 million farmers are handled by a distribution network that delivers over 1.5 billion km every year. Unilever consumes EUR 21 billion per year worth of raw materials and packaging materials to produce its goods and EUR 14 billion worth of resources to help the company run its operations. To get the raw materials, Unilever partners with the agricultural sector. Raw products arrive at the distribution facility.

Unilever Uses Virtual Factories to Tune Up Its Supply Chain. In order to keep output going, artificial intelligence and smart devices exploit a data source, lowering costs. **Unilever's end-to-end Supply Chain leverages eight disciplines: engineering,**



**manufacturing, procurement, logistics, customer service, planning, quality and safety.** Unilever aims to achieve 100 percent organic procurement of agricultural raw materials by partnering with producers with their Partner to Win scheme. For example, in Kenya, the business teaches 350,000 smallholder tea farmers with the Kenya Tea Production Association in sustainable practices.

Ultimately, a worldwide network of over 400 logistics warehouses provides millions of retailer's outlets with 150 billion units of goods. Optimum inventory ordering and holding are the objectives in this business judgment area of operations management. The company is concerned with ensuring an adequate inventory of consumer goods to enable the company to respond to developments in the industry. The company's inventory size is sufficient to accommodate sharp increases in demand. Operations management must also assess correctly how many materials and consumer products are required in Unilever's inventory. Those sums would adequately support the organization's productivity priorities in its operations. To do it, Unilever employs the eternal process and the periodic method of inventory management. In addition, organizational goals for the inventory are achieved through just-in-time (JIT) inventory management. JIT minimizes managing time and associated costs in Unilever's inventory processes.

## Operations

The world's largest corporations have a reputation for asserting influence of any aspect of their affairs, and Unilever is no different. There are more than 300 factories in Unilever and over 700 third-party suppliers convert ingredients into goods that are sold annually. Gas pollution reduction: the firm has made substantial strides with its own activities. Reducing emissions means energy reduction. At the end of 2019, Unilever had lowered electricity from its plants by 29% per ton of output compared to 2008, while avoiding costs of about EUR 733 million. In order to finance renewable programs, the organization continues to use an internal premium on carbon.

Unilever, the consumer goods giant, is developing simulated versions of its factories, using sensor-equipped computer data streaming to generate automated models that can monitor physical environments and allow organizational improvements to be checked. The "digital twin" approach uses machine learning and artificial intelligence to process knowledge torrents from linked devices and aimed at making manufacturing more effective and scalable.

The strategy is part of the increasing use of the tremendous data streams that flow from the **Internet of Things**, sensors that are installed in objects, like factory

machinery, which transmit information on how the equipment operates. In industrial processes, such equipment is gaining momentum from high-tech and pharmaceutical production to oil fields and refineries as businesses aim to boost operations by using instruments such as predictive maintenance to get to machine parts before they wear out.

For the next year or so, Unilever is partnering with Microsoft Corp. to build simulated models of hundreds of its nearly 300 global factories. The technology helps the Anglo-Dutch business to make improvements in real time to maximize production, more efficiently use components, and help minimize waste from goods that do not reach quality requirements. Unilever has got it in plants that produce shampoos and conditioners, soap, laundry detergents, and mayonnaise.

The devices submit to the cloud real-time information on temperature, motor speed and other variables of output. In order to figure out the right operating environments, algorithms take the data and use predictive analytics. On-site staff track product output with mobile sensors, model issue solutions, and exchange data with colleagues in other areas. The project saved Unilever around \$2.8 million at that venue, the firm said, by minimizing energy consumption and driving a productivity rise of 1 percent to 3 percent. In North America, South America, Europe and Asia, Unilever now has eight such wireless twins of plants. The technique has helped to improve production yields for shampoo and conditioner goods. Instead of halting production to check output, operators control if the process meets the correct criteria as specified by the algorithm and checks the quality offline, only interceding if production gets off track.

### **Outbound logistics**

Unilever ended distribution contracting and took it in-house. In order to minimize emissions and prices, the company is in the process of in-sourcing services that 3PLs have done. By 2020, Unilever plans to reduce the carbon emissions from logistics by 40 percent relative to its 2010 baseline. The organization surpassed 38 percent at the end of 2018. And prior to 2030, the target is to be carbon free. Costs and carbon go hand in hand in logistics. Activities that cut prices often minimize pollution in most situations. The policy of Unilever relies on two pillars: reducing the miles they need to drive and greening the miles they need to travel. It has helped them find ways to fill their vehicles more effectively and shrink the distances transported through their system.

One of the strategies to minimize the kilometers they need to drive is to strive to determine the right choice for packing the vehicles more effectively by using multiple pallet heights to carry their products. Through positioning factories and warehouses near to large areas of customer demand, the organization has also focused on improving the logistics network. Another method of shortening the time their goods need to move is direct dispatch from manufacturers to consumers.

Greening the kilometers, it is more complicated for the company to transport and includes engaging in new technology and biofuels. What is problematic is waiting for the thinking and infrastructure of the market to keep up with the promise of the latest available fuels. Unilever faced a chicken-and-egg problem with LNG where the fuel was viable, but the roads in Europe did not provide a sufficiently large network of LNG filling stations to ensure that the trucks were able to complete their journeys. This led to Unilever setting up a consortium, Connect2LNG, to build five LNG fueling stations in France and Germany because they cannot have LNG-powered trucks without the infrastructure there to support them. Their goal was to kickstart greater use of LNG across Europe and it is not yet happening on a wide scale. To work through the challenging times, they remain dedicated to social progress. The organization performed a trial with a Dearman transport refrigeration device for six months in 2019. The truck traveled over more than 18,000 kilometers to collect and distribute ice cream from Ben & Jerry and Ola, all fueled by clean, cold air.

Unilever may evaluate and refine outbound logistics in order to discover areas of competitive advantage and meet its targets for business growth. That customer loyalty is maximized and growth prospects for the company are enhanced when outbound activities are handled in a timely manner with optimum costs and product distribution processes have a limited negative impact on efficiency.

### **Marketing and sales**

Over the world, Unilever acts as the second-largest advertiser based on media spend. The product is promoted through different media such as social media, magazine, television, etc. Annually, Unilever spends around 7 billion euros in marketing and sales. The company uses many channels to make their brands existing to customers in over 190 countries wherever and whenever they go shopping. Unilever partners with 25 million retail outlets in their distribution chain in 190 countries, total with around 60% in developing and emerging markets. The reason to do so is to promote customer loyalty and relationships, brand equality and create competitiveness of brand. Many of Unilever's brands have long-standing social visions and missions, namely Real Beauty of Dove's Campaign.

As they have done for years, the firm continues to make their products healthier and more sustainable. At this time, the company will highlight the advantages and differentiation points of the goods sold to reassure consumers that its service is better than rivals. Until Unilever invests in marketing and distribution efforts, value will only be generated by producing a high-quality commodity at competitive prices and by distinguishing features. Sales agents and advertisers play a significant role here. Some examples of Unilever's communications and sales activities include sales power, advertising, promotional campaigns, pricing, channel range, quoting and establishing links with channel participants. The organization could use the marketing funnel approach to plan marketing and sales operations. The campaign strategies will be either forced or pulled in nature, depending on the corporate priorities, brand image, competitive dynamics and current position of Unilever in the market. The brand image of Unilever will be constructed and distinguished from the competition through successful and wisely coordinated marketing activities. However, Unilever resists making misleading obligations on product functionality that are not met by the manufacturing department. It suggests the need to maintain cooperation between multiple value chain operations. In order to communicate with customers and make it easier to choose a Unilever brand, the company is creating a growing amount of personalized digital content itself.

The prediction for worldwide e-commerce growth for 2019 was 20%. Unilever's e-commerce revenue rose 30%, accounting for 6% of gross sales (including Unilever's and retailers' sales to customers from their e-commerce platforms).

## **Service**

To maintain customer loyalty and also to consider the trending needs of the customer, Unilever operates very closely with the customer. The feedback is received from consumers or sellers. In building customer satisfaction, the pre-sale and post-sale programs offered by Unilever would play a major role. The effect of negative e-WOM due to insufficient support program can not be diminished in the current technologically advanced age. The organization must evaluate its support practices in order to deter harmful brand image, and instead use them as a platform to spread favorable word of mouth due to fast, timely and reliable support services.

## VII.II Supporting activities

### Firm infrastructure

Unilever has over 300 factories and raw materials are converted into goods by more than 700 third-party suppliers. The organization cuts relationships with those that do not comply with the same principles and works closely with governments to increase awareness of working conditions and start-ups that introduce groundbreaking sustainability-driving technology. For instance, the company published its first human rights report in 2015, finding that poor health and safety policies impacted its contractors in India, workers were underpaid, and only 13 percent of the complaints were addressed. The corporation worked with NGOs and union leaders to review the salaries of its factory workers globally and introduce more rigorous supplier requirements.

### Human resource management

They focus on machinery and their staff because they are in the manufacturing sector. That's why the organization has so many workers and takes care of its staff. In 2009, Unilever launched an initiative named “**a talent and organization readiness**” program to prepare individuals with the right skills. Unilever Leadership Development program was launched in 2010 to merge professional development plans and senior leadership skills.

Unilever has developed the **People with Purpose program**, to collaborate with every employee to help them define their intent and find a way to accomplish that in their working life, knowing that they will be able to achieve more goals together if people believe that they will be true to their purpose when working with us. As a current outcome of this initiative, since the program began in 2015, more than 48,000 workers have discovered their intent, and 92 percent of individuals who have been through the services agree that as they appreciate their intent, they will function more effectively.

Unilever helps workers to make smarter choices more easily and with consumers in mind. What Unilever is doing is that, before launching a new initiative, they surveyed their entire company for suggestions about how to carry the plan to life. The organization also understands that its executives need the most empowering mindset to evolve company culture. Unilever brought nearly 3,000 individuals into an intense reflective leadership program in 2019. They also focus on tailored growth strategies for the next wave of future candidates, since this project is called “**Fit for the**

## **Future”.**

In addition, Unilever is making strong strides towards becoming a fully integrated and multicultural organisation at the management level, as diversity contributes to greater creativity and results. Indeed, as of December 2019, women hold 51 percent of management positions. Unilever is committed to gender equality and diversity in the workplace, focused on fair pay for equal jobs and greater gender representation as "**A workplace for everyone**" is believed. These initiatives were noted and included in the 2019 Bloomberg Gender Equity Index.

As a consequence, the mere fact that people continue to partner for Unilever is the greatest affirmation of its emphasis on culture and value. The fact that Unilever is the number one preference of FMCG graduate employers among 52 markets and 8 million LinkedIn followers makes Unilever the most successful FMCG employer.

## **Technology development**

Innovation is at the heart of Unilever's dedication to rising enterprise and having a positive effect on the world: in a number of purposeful and impactful positions, more than 6,000 individuals work within R&D. Their researchers discover and build future inventions, while their product creators use this science and technology to develop and launch the next wave of innovations from Unilever. In cooperation, this team goes beyond balancing the search for innovative technology with the relentless push to adapt to rivals, step into new markets and purposefully enhance Unilever's brands.

R&D maintains that it serves the intent of Unilever as a corporation, independent of the substance and how it is consumed, having commonplace for safe living. Innovations are a driving force behind the achievements of sustainability; they allow circular plastic economies, reduce GHG emissions, reduce salt consumption, increase water quality and access, encourage zero waste initiatives and enhance hygiene standards, to list a few of its goal-driven goals.

In order to reduce the environmental effects, Unilever has invested lots of money on R&D. Unilever collaborates with partners in the supply chain and is among the first to implement the new technologies. It was one of the first to incorporate RFID technologies to manage goods across the chain and to improve operations early on, using data analytics. It was also one of the first to study blockchain as a means of tracking and controlling their extremely complicated supply chains, participating in

Walmart, leading supermarket firm Kroger and suppliers such as Nestle and Tyson Foods in a widespread test that would help businesses and IBM perfect the broader adoption of the technology.

Unilever's brands use immersive wireless vending machines, to draw the interest of the customer and convince him or her to exchange personal information freely. This knowledge is highly useful to producers and distributors. Wall's, an ice cream brand, is roll-out of a digital vending machine which uses face-reading technology. The machine 42ins 'Sharing Happy' was created with the interactive marketing firm SapienNitro.

### **Procurement**

Unilever partners with the agricultural sector to access the raw materials. Unilever has supported over 793,000 smallholder farmers through all smallholder networks to join projects aimed at enhancing farming practices.

Unilever seeks to align with manufacturers, agents, dealers and other industry associates who have common principles to theirs and meet the same criteria that they do. The Aligned with the Unilever Code of Corporate Ethics, the Responsible Procurement Strategy and Responsible Business Partner Approach aim to uphold twelve basic principles that include business honesty, with specific responsibility for workers, customers and the environment. The credibility of Unilever for doing business with honesty and consideration for the rights of those who can influence their actions is an advantage, almost as true as the products and products of the group. A profitable enterprise is their priority: it requires investing in growth and managing short-term and long-term objectives. It also means looking after their consumers, workers, and shareholders. The highest level of conduct by all employees of the company are expected to succeed. To have a positive effect on day-to-day business, the Code of Business Standards, corresponding Code Policy and third-party enforcement program: each of the members must follow these at all times.

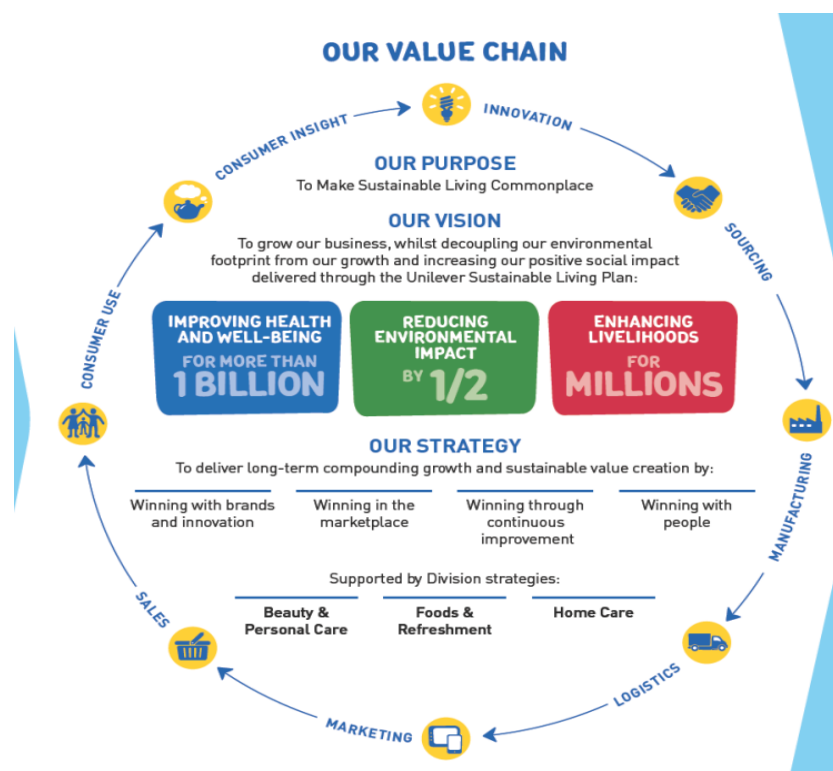


Figure 6: Unilever's Value Chain

### VII.III Porter's Generic Strategies

Generally, every organization follows different types of strategy. Business level strategy helps an organization to achieve core competencies, satisfying the customer needs and main focus is to generate maximum profit. There are two generic strategies that Unilever use as following:

#### Product Differentiation

The differentiation strategy can be said that the firm are creating their products and services in which considered unique and innovative in some aspect that reach consumer's needs. Unilever is given the value to its customers through unique features and characteristics of its products. They add their products high quality, features, high customer service, product innovation, advanced technological features, image management.

#### Cost Leadership

Cost leadership strategy emphasizes low cost relative to that of the competitors.



Unilever also competes for a wide-ranging of customers based on price. In case of Unilever, to become a cost leader strategy, Unilever keeps focus on the price strategy followed its competitors and its continuous efforts to keep prices low relative to its competitors. In addition, by using cost leadership strategy, Unilever can positively gain a wider market share.

## Chapter 8 BCG Analysis

### BCG Analysis of Unilever

BCG Matrix was created by the Boston-based private consulting company, "Boston Consulting Group." The name of the matrix is taken from the name of the company. The BCG matrix system has been developed for businesses working in diverse sectors to evaluate the potential of each division of the business. It is impossible for businesses to manage the whole segment of the business at once. The four-quadrant framework characterize segments in to the following categories: Dogs, Question mark, Cash Cows and Stars. Unilever has three main segments that support its business. There are beauty and personal care which contribute 42% of Unilever's total revenues. Foods & refreshments that contribute 37% of Unilever's total revenues. Then, Home care that contribute 21% of Unilever total revenues.

### Stars

Stars products have a strong relative market share and compete in the high revenue growth sector. The Unilever personal care business is known to be the stars because its market share is rising every year and the said division produces the highest sales for the firm. As far as the regional division of Asia is concerned, the highest revenue is about 40% of the business. Unilever's 'stars' products are Sunsilk Hair Care and Lux Body Soap. They are graduating question marks with a business or niche-leading trajectory and units with a large market share in the fast-growing field. Stars products need high financing to compete with competing firms to sustain their growth pace. However, when business getting stuck at some point, whether it is a niche leader or one of the market leaders, star goods become cash cows otherwise, they become dogs due to a low relative market share. Asia division contribute the highest revenue of company total revenue about 40%. Thus, geographically Asia comes into the Stars quadrant.

### **Cash Cows**

Cash cows may define as those segments with a high relative market share and compete in the low-selling growth sector. Since the home care and refreshment segments of Unilever have a high market share in the low-growth sector, they could be labeled as cash cows. Both businesses are facing a drop-in revenue. America division contribute 33% of company's revenue each year. The investment in these products is the least, still they tend to generate cash. In case of Unilever, products like Surf Excel washing powder, Lifebuoy soaps, Ponds cream, Lipton iced, Close Up toothpaste, Rexona deo, Blue Band margarines and finally Knorr soups, that held the market strongly for Unilever.

### **Question Mark**

Question marks are those markets which have a low relative market share and are involved in the fast growth of the revenue sector. The food division of Unilever and some of the home care divisions comes under the heading of question mark. Unilever's market share in the food sector is shrinking last year, considering the high rate of revenue growth in the food sector. Unilever needs to concentrate on this market in order to turn this division into a star because the sector has the capacity to expand. In order to defeat its rival and grow its market share in the food industry, the company should spend more in product growth. If that does not happen, then after years of cash extraction, the product will degenerate into dogs when market growth declines. As far as the regional section is concerned, Europe falls into the group of question mark because Europe contributes the lowest share of business sales. Clear Shampoo, Rin and comfort are the three products that proved to be a question mark for Unilever.

### **Dogs**

Dogs products are the products that barely contribute to make income for the company, still sums are paid off. The ROA ratio is depressing for a business that is generating significant income. The dog's product mostly waste resources by being in the market. Unilever's Slim-Fast brand was one of the examples of Unilever's sleeping dog product that was sold in 2014 to private-equity firm, Kainos Capital, to focus on other brands with greater appeal and growth potential.

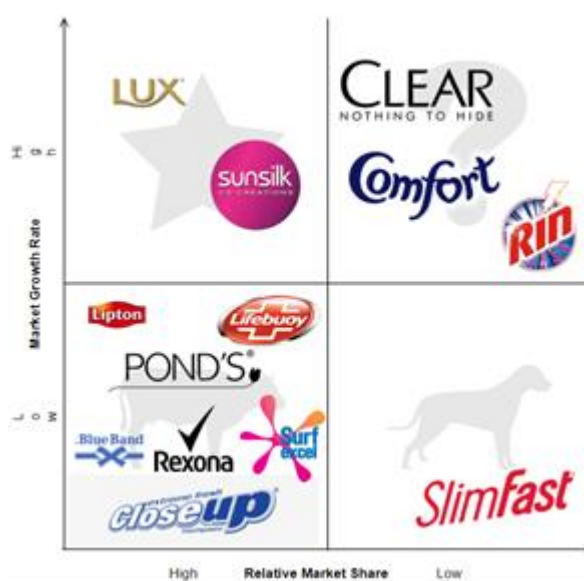


Figure 7: BCG Matrix of Unilever

In conclusion, Unilever got huge impact of COVID-19 this year. A lot of government restrictions and regulation that make people lockdowns in their home. This regulation negatively impacted the food service including of home ice cream and the prestige business of Unilever. Food service declined by nearly 40% and out of home ice cream declined by nearly 30%. Consumers have changed their behavior moving from offline to online platform, driving e-commerce growth of 49%. As people spent more time in their homes, there are some growth in home consumption of foods, ice cream and tea. That also meant that people had less chances for personal care to go to work or socialize, and there was a drop-in personal care, with the exception of hygiene products. The efficacy of good hygiene practices against the spread of COVID-19 improved demand for hand and home hygiene products, each increasing by two digits. Since the products of Unilever covers almost every aspect in our life especially hygiene products, Unilever should take advantage of this moment to gain a momentum to boost its sale and covers all of underdogs products or even non-profit products during pandemic. Furthermore, Unilever need to keep improving its investment and acquisitions in each division to maintain the quality and eventually move the cash-cows' products to the Stars.

### Operating Synergy of SBU in Unilever

Unilever new leadership team is leading our transition towards potential success: a tangible target at the core of our corporate plan, simplifying our corporate structure. To help Unilever form a faster, more flexible business, they have reintroduced the

position of Chief Operating Officer and streamlined systems in Europe, South East Asia and Australasia. These actions are all part of building a culture of growth at Unilever: becoming a more agile organization that makes smarter decisions faster, and with consumers and customers front of mind.

The transition is focused on technology that evolves at all levels of its operation. It helps to boost the provision of raw materials, including investigating AI's ability to measure optimum collection periods in the Kenya tea plantations. And in their production processes it generates new efficiencies. By the end of 2019, thirty-one of Unilever facilities were broadcasting real time data using a 'digital twin,' which monitors physical environments and employs machine-learning for information retrieval and system optimization, eliminating waste as well as lower usage of resources. The organization's goal in 2020 is to connect Forty new sites. In 2020, the Organization aims to connect Forty new locations. Unilever also builds digital links with its clients and develops even more reliable models of operation. By utilizing predictive analytics, they get closer to customers to understand patterns on social networks and through their customer offerings. These experiences help everyone to be in position with the desired products at the right moment.

Unilever also built an enviable reputation for leadership on these topics under the Unilever Sustainable Living Strategy (USLP). Unilever now want to expand on that, not least because many of the problems facing the planet – such as the climate crisis or rising injustice – are becoming more urgent. By incorporating sustainability into a modern, forward-looking strategy, Unilever Scope plan with two main directions. Next, Unilever will keep leveraging its size and scope to speed up change in their extended supply chain. The ambitious pledge made last year by Unilever to address the plastic packaging crisis by reducing consumer use of new material by promising to generate more disposable packages than they produce by 2025 was indeed a great example. Unilever would also expand its label names to make society and the environment improvement movements more famous. A lot of brands from Unilever do this already, and now they intend to turn it into an essential one of any organization.

## **Chapter 9 National Diamond Analysis**

The National Diamond Analysis Model or Porter Diamond Theory National Advantage, it is a very useful concept to explain and understand the company's competitive advantage.

### **Factor Conditions/Endowments**

Unilever is the company first established in the UK. Even though UK natural resources are included coal, oil, salt, clay, and natural gas. However, that is not enough for the big firm like Unilever. Indeed, Unilever has created a strong global presence with Western Europe, Latin America and Asia Pacific as it is the company key market in order to support all the production. However, since Unilever is a manufacturer that produce consumer goods like shampoos, soaps, food and cream. The company has to manage their resources as efficient as they can. Unilever protects that natural and environmental resources of the manufacturing countries. Protecting natural resources is one of the civic activities, since they believe that they have to take care of the nature because it is one of their resources. On the other hand, Unilever is a multinational company, Unilever has expanded their factories to the head locations of the world. For example, Konya, Sri Lanka, Myanmar, Indonesia and etc.

### **Related and Supporting Industries**

It is estimated that by 2025 the worldwide demand for FMCG is \$15.361.8 billion, with a CAGR of 5.4 per cent between 2018 and 2025. Rapidly evolving consumer goods are items that can be purchased at low cost, commonly known as consumer goods. These items are consumed on a small volume and are commonly sold in many stores namely food, supermarkets and factories. These products are available in general. The FMCG industry has seen healthy growth over the last decade as a result of the acquisition of retail experience coupled with a reflective customer preference to enrich their traditional retail shopping experience with social and luxury activities.

The food & drink industry had a large share in the FMCG market in 2019 and should play a significant role in the world market in the upcoming years. Consumers have grown more educated and more accessible to food and drinks offered in different cultures. They are motivated by a sense of curiosity and are seeking for fresh experience. This drive for fresh experience has driven food & beverage providers to maintain the consistency of their products. The movement towards clean food has also played a significant role in the development of the food and drink market. Consumers aware of their wellbeing, and a significant amount of people are adopting dietary restrictions and continue to experience these healthy options both at household and in food they are consuming.

North America is expected to continue to dominate and grow steadily on the FMCG market in terms of the region. But Asia-Pacific is projected to grow at 8.0 percent at the highest CAGR because lifestyle changes are driven by globalization and

the growth of the workforce. The growth of rich people and a steadily increasing social media and the internet infiltration have increased the consumption of processed food products, making way for the growth of the area's Fmcg industry. In the future the market for FMCG will also be offered development opportunities in current products developments and the launch of new products with affordable prices.

FMCG's leading players focus on providing consumer-driven solutions as their major tools to attract a huge customer base. Tactics such as the release and purchasing of goods have led to a strong share in the global FMCG market for the major players. For example, Procter And Gamble, Unilever Group, The Coca Cola Company, PepsiCo., are the main actors profiled. Johnson & Johnson, Inc., Kimberly-Clark Corporation, Patanjali Ayurved Ltd., and Nestle.

## **Demand**

The UK FMCG industry is the country's largest manufacturing market, accounting for 14% of all production. Nielsen figures indicate that in 2016, UK shoppers spent nearly 4 percent more on FMCG products compared to 2015 but consumed 0.9 percent less. Major firms, such as Unilever, L'Oreal, Mars and Nestlé, Coca Cola, dominate the UK FMCG market, although there has been an explosion of smaller, niche operations as the organic, clean food and vegan food trends rise in popularity. When it comes to e-commerce in FMCG, there is a massive potential for expansion, with IDG forecasting that, the UK online grocery market will have expanded by 68 percent by 2021, with Amazon Fresh being a main factor.

- Trends and improvements in fast moving consumer goods

For the field, **sustainability** is becoming more critical. More individuals and businesses are now focusing on ensuring that vendors are reasonably paying, that processes are safe and that minimal carbon emissions are preserved.

A recent study released in December 2019 shows that 75% of UK consumers want supermarkets to store food only from suppliers that are **sustainable and ethical**. 72 percent of UK consumers now expect their store, shop or restaurant to know the exact ingredients of all food items sold amid diverse supply chains that can cover many countries of origin, bringing still more strain to stores already at the forefront of increased customer demands. Health, nutrition and new ingredients are continuing to push beverages, while more clarity is demanded by customers, fed by a willingness to lead healthy lifestyles. This is mirrored in the increase in vegan/meat-free, non-dairy, low-sugar and low-fat diets. Premiumization also helps to drive NPD innovation, as customers look for brands with that, they can interact that have a sharp distinction.

The 'UK Food Trends: A Point in Time' study published by Lloyds Registry, a food safety certification expert, highlights the increasing role of ethical and sustainable drivers in food purchase decisions. The study also reveals that UK consumers are highly worried about food safety, with one in three individuals reporting that their worries have risen in the last year, while one in five has reportedly changed products after news of a food safety incident or product recall. The greatest safety concern of consumers, approximately 60 percent, is bacterial food contamination. High-profile health scares have evidently penetrated food shoppers' consciousness and have an effect on buying decisions.

The analysis, however, also shows the modern food shopper's sometimes 'contradictory existence.' Although customers want ethical and healthy food, with 40 percent of buyers claiming cost is the single biggest motivation behind purchase decisions, price is still a massive factor. This analysis is a snapshot of UK food shopping habits that demonstrates that the current food shopper's demanding, and often conflicting state-of-mind, which puts great emphasis on food safety, is very demanding for retailers and restaurants, but is also highly price-driven.

The results also revealed that UK customers have a strong doubt regarding the arguments made for many organic and vegan products. In fact, one in five UK customers said they were 'not at all optimistic' or 'extremely skeptical' about reports that vegan goods do not contain meat. Moreover, one-quarter of all customers (26.9%) state they are 'not at all sure' that organically branded food items are grown or raised using techniques of organic farming. It points to a troubling broader trust issue that 80.2 percent of shoppers are either "very suspicious" or "not at all confident" or just "fairly confident" that their store does not include meat in the vegan offering. Those employed in the food supply chain have long believed that their companies are vulnerable to customers' evolving buying motives, which are rapidly affecting decisions on sourcing, ingredients and packaging. What this study reveals is that suspicion, increasingly challenging and often conflicting, is often tinged with this influence.

### **Firm Strategy, Structure and Rivalry**

The achievement of an FMCG is very contingent on its marketing approach. An FMCG marketer such as Unilever pursues a range of tactics. For example, in competitive prices, the organization will occasionally use the wide distribution network, design acceptable advertisement and promotional schemes.

Following are some strategies adopted by FMCG companies for making their brands outstanding compared to competitors:

### 1. Multi-brand Strategy:

Some products in the same group are also encouraged by a company. There are different explanations for this. The primary purpose for this tactic is to gain the highest potential market share, by seeking to reach as many sectors as possible, as a single brand cannot satisfy the whole market.

In its luxury market, Unilever has unveiled several products, such as "Dove," "Lifebuoy" for the economic market, such as "Lux," "Liril" and "Rexona," which means that the firm has left no sector unnoticed.

### 2. Product Flanking:

Product Flanking relates to the launch in just as many consumer sectors as necessary of different variations of goods at differing prices. The commodity is essentially the same in various sizes and pricing variations in order to maximize various business opportunities. Examples of this technique are shampoos in small sachets, bottle tubs in small containers and luxury cleaning products like Tide, Aerial.

### 3. Brand Extensions:

The brand extensions for Unilever's Lifebuoy soap include Lifebuoy Plus, Lifebuoy liquid, and Lifebuoy Gold since the labels are put in separate segments. Likewise, Amul butter, Amul ghee, Amul cheese, and Amul chocolates are a range of standard Amul Line brand extensions. Brand expansion companies expect that the extensions will contend with the successful labels.

### 4. Building Product Lines:

Each line of products by one from Lifebuoy, Lux, Liril, Dove etc has been introduced to Unilever. Britannia Companies also have desserts that are related to various brands. Companies incorporate related new product lines to give customers the goods they would like to purchase.

### 5. New Product Development:

Proctor and Gamble is the global pioneer in the production of innovative goods. Companies who struggle to produce new technologies will be at considerable risk and will face deflation in the future. Current goods are sensitive to changing market needs and tastes, emerging technology, shorter product life cycles and intensified regional and abroad competition. A business may continue to innovate either through R&D or via the acquisition of another business or sometimes both.

### 6. Product Life Cycle Strategy:

The FMCG has a limited life cycle, while the manufacturing commodity has a long product life cycle. According to product life cycle, the firm plans to produce innovative brands after leaving the old one, which suffered a fall in the life cycle curve. For instance, established models in goods such as cars, bikes, TV sets,



watches, etc. have faced strong demand when alternative solutions were introduced.

#### 7. Taking advantages of wide distribution network:

A really efficient method to expand the market penetration of an FMCG company is through the development of a strong distribution channel, preferably for more sites. Over time, an extensive distribution system can be developed or some other corporation with a better distribution channel can be acquired. The large distribution system structures of Coca-Cola and PepsiCo have made them industry leaders.

The same country or domestic competition is indispensable to international productivity as it pushes businesses to build unique and sustainable power and energy. The more intensive domestic competition is, the more businesses are urged to innovate and change so that their competitive edge continues.

Example of Unilever Domestic rivalry: Nestle, Henkel

Example of Unilever International rivalry: P&G, Coca-Cola, Colgate Palmolive, PepsiCo, Johnson & Johnson, Nestle, Henkel

### **Government policy and regulation**

Retailers and manufacturers must comply with multiplicity taxes and enforcement regulations, including the indirect taxation, Service Tax, Customs Luxury Tax, Shop and Establishment Act, the Act on Immovable Estate (Rules of Procedure and Development) and foreign investment policies. In addition, careful understanding of the sector's laws and regulations is a major obstacle faced by the participants of the industry. The players in business need a lot more. In addition, careful understanding of the sector's laws and regulations is a major obstacle faced by the participants of the industry. Industry players need far more than reducing application or shape, eliminating e-licenses and accelerating clearances. The industry requires simpler bureaucratic processes, a stable demand, convenient transport and sufficient storage space and facilities in order to minimize waste.

### **Intellectual property and FMCG**

Critical in the FMCG industry are intellectual property (IP) rights because businesses in the field are highly dependent on market awareness and brand loyalties to survive. It makes sense that IP rights are vital to every consumer products company's long-term growth plan. These firms therefore use various IP rights, including copyright and trade secrets; however, FMCG has two strategic phases: product creation, distribution and marketing.

Patents, manufacturing structures and utility models constitute a fundamental industrial privilege as far as product creation is concerned. The most valuable asset of consumer products, particularly within specialist sectors such as pharmaceutical

companies where product needs time and expense for production and hence takes longer to make a profit can be successful patent security, based on the sector.

For a finite duration, patents comprise an exclusive privilege. The creation of these invention rights should be combined with other IP rights, such as patents or copyrights. Especially after a patent has expired, if a corporation has been cautious in cultivating and retaining trademark rights for its goods, customers may continue to look for a certain product regardless of comparable competing products on the market. These privileges, related goodwill and a consistent product connotation help create brand recognition and loyalty that increase promotion and marketing.

#### One group, global coverage

Unilever has the "global IP team" of more than three continents. The patent portion involves patent specialists and the same number of help staff divided around three ways between the US home and personal care research centers in Edgewater, New Jersey, Vlaardingen Food Research Center in Netherlands and two UK facilities – Colworth Center for Corporate Research and Por Porno's European Home & Care Research Center. Two Unilever patent lawyers are reportedly present in Mumbai, India, and Sao Paulo, Brazil. On the business side, experts are distributed between three European sites, including the Colworth UK brand security team, specialists in home and personal care trademarks at one of Unilever's headquarters in London, and food brand specialists at the other company headquarters in Rotterdam, the Netherlands. Both IP experts from all backgrounds work closely together, as well as analysts and marketers from around the organization. With respect to counterfeit products, they can depend on agreements such as the Paris Convention in certain situations - for well-known brands. A multinational network of internal and external legal experts at Unilever. In addition to the centralized IP team, the company has internal legal offices in over 25 global countries and has a local law firm in each of the 225 jurisdictions in the world that are recognizable. Even in four countries, counterfeiting is a specific concern: India, China and South East Asia, there are specialized regional compliance teams in operation.

## Conclusion

According to the data and information we gathered, we conclude that there are many factors around business environment to be analyze and can or might affect company's performance and decisions in general. For Unilever, we wrap up all the ideas and analysis by using many business theories and concept of economics. Unilever are being one of the big main and big players in FMCG industry, as well as playing an important for every stakeholder of a company, supplier, and consumers. Aside from our analysis, we conclude that Unilever are performing very great. Moreover, Unilever should continually focus on the innovation, learning and development to enhance for its own good. In addition, Unilever is a multinational company. We would recommend Unilever to provide a greater clarity of employment in order to create the best common workplace in the company.



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