

Marketing Strategy and Sustainable Plan of Unilever

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Abstract

As one of the strong and healthy companies in the world with many successful brands, Unilever recognized that its product is commonly used for all people worldwide. Supported by the strengths of its eight global brands-Dove, Sun silk, Clear, Pond's, Vaseline, Magnum, Rexona, and Lux Unilever firstly entered into the foreign market to compete internationally by entering just a few foreign markets. Once successfully introduced its product in several markets, Unilever expands its success brand to many other markets and starting to compete globally. In entering and competing in foreign markets a global strategy used by Unilever is preferable to localized strategies because Unilever can more unify its operations and focus on establishing a brand image that is uniform from country to country. It implies to Unilever's success in building strong character brands. This paper explores the marketing strategy of Unilever which made it's a most trusted name with high-quality products.

Keywords: *Marketing strategy, advertising, branding, sustainable plan.*

Introduction

FMCG means fast moving consumer goods which are frequently purchased essential or non-essential goods such as food, drinks, toiletries, and soft drinks and pampers. They are products that have a quick turnover and relatively low cost. Fast moving consumer goods are also known as Consumer Packaged Goods (CPG)(Suganthi, 2016). Every day, 2.5 billion people use Unilever products to feel good, look good and get more out of life. Our 400 brands are trusted in all 190 countries we sell to and therefore we have grown into one of the world's most successful consumer goods companies(Kathrin Jansen, 2016).

The corporate strategy of FMCG as Unilever plays an integral role in providing business entities with a market direction and the formulation and implementation of corporate strategy aids in providing businesses with abilities and capabilities so as to maintain and develop adequate pace with the consistently changing business environment, aids in the development of a strategic vision and focus on overall business goals and objectives, strengthens decision making and most importantly helps in the provision of a competitive edge to a business (Abbas, 2018). The role of corporate strategy becomes highly significant when the business operates globally. Unilever is increasing its efforts to build on its long-established local roots in developing regions. Through its well-established distribution network in both the traditional and modern retail outlets and with a good ability to adapt successful global brand concepts to suit local markets, Unilever is in a good position to be able to capitalize on the growth forecast in the regions.

In the cosmetics and toiletries globally competitive industry, there are no doubt that Unilever's major rivals over the next few years will be Procter & Gamble and L'Oréal, both of which give significant resources to new product development activity, and respond to changes in the market faster than Unilever. L'Oréal also has the benefit of being exclusively involved in cosmetics and toiletries, unlike both Unilever and Procter & Gamble which both have cross-industry involvement, such as in packaged food. Much the same group of rival companies competes in many different countries. Therefore, the competition pursues the company to be more innovative in developing its products and maintaining its brands (Kalsoom, 2013).

History of Unilever

William Hesketh Lever founded Lever Brothers in 1885. Lever established soap factories around the world. In 1917, he began to diversify into foods, acquiring fish, ice cream and canned foods businesses. In the Thirties, Unilever introduced improved technology to the business. The business grew and new ventures were launched in Latin America. The entrepreneurial spirit of the founders and their caring approach to their employees and their communities remain at the heart of Unilever's business today. Unilever was formed in 1930 when the Dutch margarine company Margarine Unie merged with British soap maker Lever Brothers. Companies were competing for the same raw materials, both were involved in large-scale marketing of household products and both used similar distribution channels. Between them, they had operations in over 40 countries. Margarine Unie grew through mergers with other margarine companies in the 1920s (Unilever, 2016).

In a history that now crosses three centuries, Unilever's success has been influenced by the major events of the day – economic boom, depression, world wars, changing consumer lifestyles and advances in technology. And throughout they've created products that help people get more out of life – cutting the time spent on household chores, improving nutrition, enabling people to enjoy food and take care of their homes, their clothes and themselves. At the beginning of the 21st century, path to Growth strategy focused us on global high-potential brands and Vitality mission is taking us into a new phase of development. More than ever, how brands are helping people 'feel good, look good and get more out of life' – a sentiment close to Lord Leverhulme's heart over a hundred years ago (Parvin, 2017).

In March 2015, Unilever confirmed it had reached an agreement to acquire REN Skincare, a British niche skincare brand. This was followed in May 2015 by the acquisition of Kate Somerville Skincare LLC. In October 2015, Unilever agreed to acquire the Italian premium ice cream maker GROM for an undisclosed amount. On 16 August 2016, Unilever acquired Blue air, a supplier of mobile indoor air purification technologies. In September 2016, Unilever acquired Seventh Generation Inc. for \$700 million. On 16 December 2016, Unilever acquired Living Proof Inc. a hair care products business. In March 2018, the company announced that its headquarters will be moved completely to Rotterdam, ending its dual Anglo-Dutch structure and UK recruitment website Indeed named Unilever as the UK's ninth best private sector employer based on millions of employee ratings and reviews.

Some Business facts of Unilever

In here some depicted some business facts according to (Parvin, 2017):

- €53.7 billion turnover in 2017
- 58% of our business is in emerging markets
- 12 brands have sales of more than €1 billion a year
- 161,000 people work for Unilever
- 47% of our managers are women
- In 2017, we maintained zero non-hazardous waste to landfill
- No.1 FMCG graduate employer of choice in 44 of the 52 countries.
- In 2016 our Sustainable Living brands grew 50% faster than the rest of the business.
- 2.5 billion people use Unilever products daily.

- 70% of turnover growth in 2017 from our sustainable living brands.
- In 44 countries Unilever are the ‘Most desired employer.’

Unilever’s Business Model

Unilever’s business model begins with consumer insight that informs brand innovation, and cover the following things(Unilever, 2015):

Manufacturing: Unilever has the world’s No.1 supply chain according to Gartner. 306 factories and have invested heavily in efficiency and eco-production.

Logistics: Unilever centralizing its operations with a network of global Ultra Logistic control towers to improve customer service, cut costs and reduce CO₂ emissions. We increasingly use hybrid vehicles and rail rather than road.

Marketing: Unilever’s multiple platforms to achieve cut-through in a highly fragmented media. Effective digital marketing is essential and influences shopping at all stages of the decision-making process and through all channels.

Sales: Unilever work closely with retailers to win in the market place, making sure our brands are always available and properly displayed, in all channels from supermarkets to e-commerce.

Consumer insight: Unilever not only need insight into trends, but also the ability to predict them in order to maintain our competitive advantage.

Collaboration: Unilever work with governments, NGOs and other stakeholders to drive change that’s good for society and good for business, and we work with partners in our supply chain, to create innovations in products and packaging.

Innovation: Unilever R and D (research and development) mission is to build brands through benefit-led innovation unlocked by science and technology.

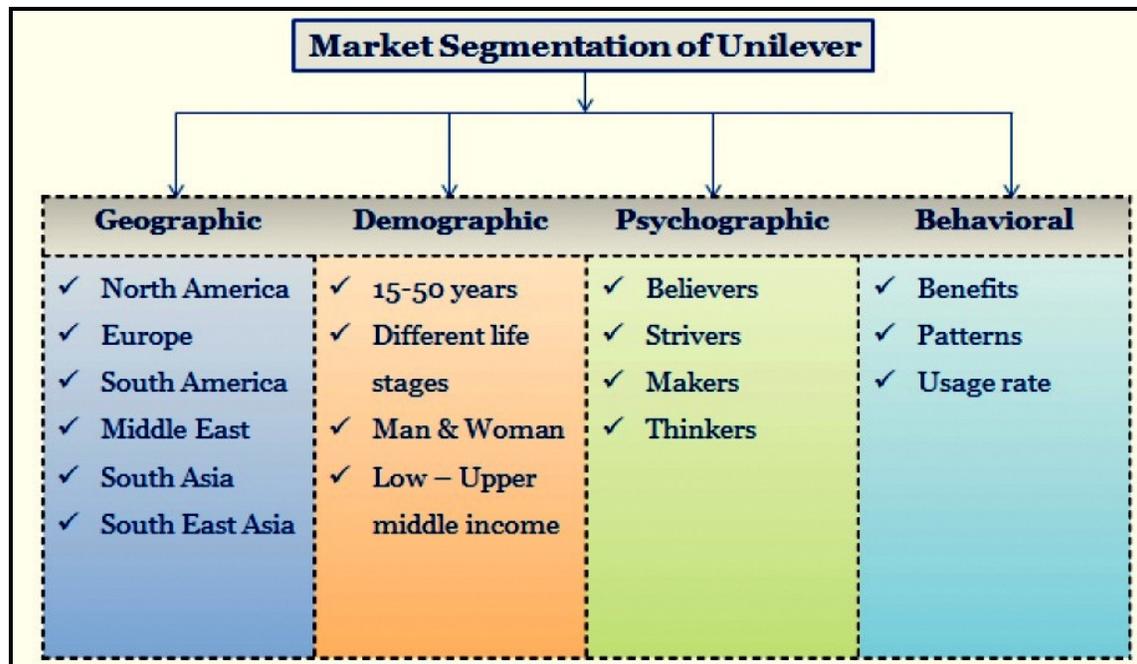
Sourcing: It has a €34 billion annual procurement program including agricultural raw materials, 51% of which are sustainably sourced.

Unilever’s Marketing Strategy

All activities and programs, which FMCG marketer’s designs and perform to deliver value to the FMCG consumers and to win their loyalty, relate to one element or the other components. So, in FMCG sector,

the marketing mix can be seen as a combination of the product, the price, the distribution network, and the promotional methods(Alhawsawi, 2016).

Figure 1: Market Segmentation of Unilever



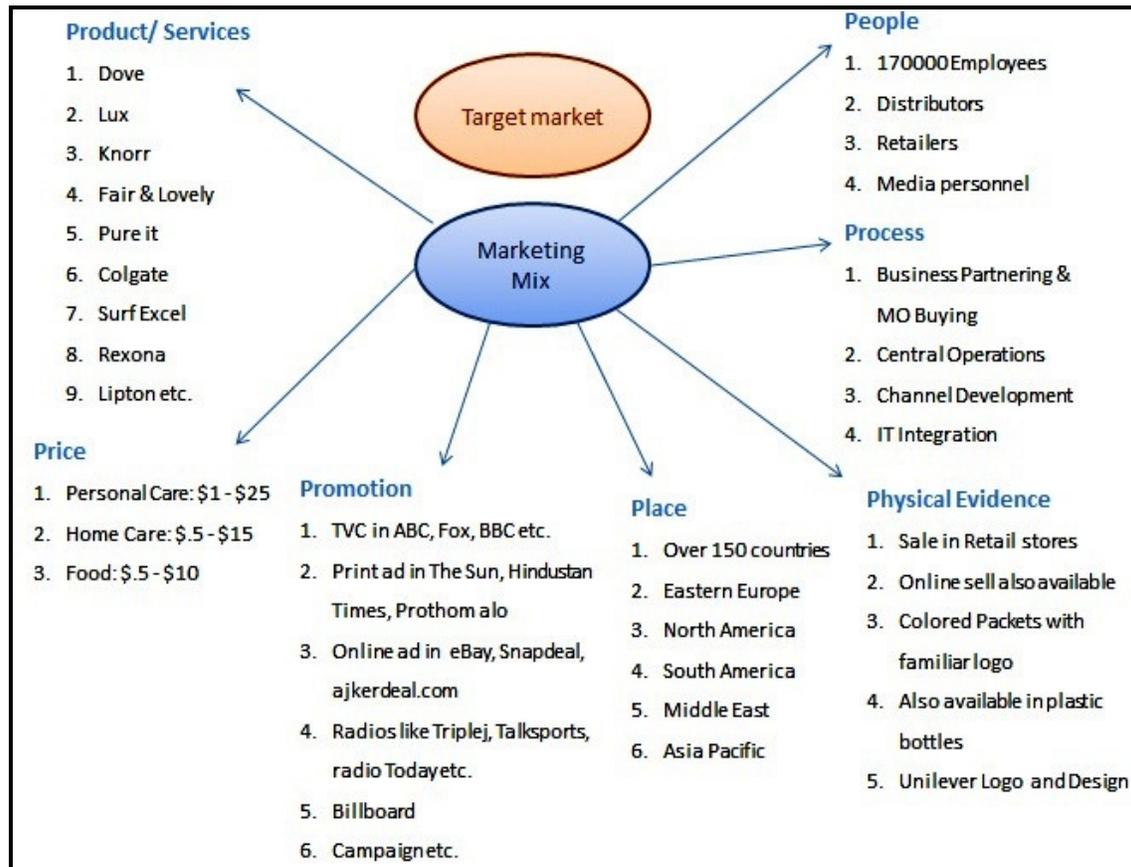
Source:(ukessays.com, 2015).

Unilever’s Marketing Mix

All the brands of Unilever have different market segmentation based on their features and value propositions. The price varies depending on the type of products. Unilever uses almost all the promotional tools available to marketers. The products of Unilever are found over 190 countries. All the brands of Unilever have separate branding strategybut each has Unilever logo, design, ideology and message.

In its logo it has 25 icons of representing each importance of Unilever’s all 400 brands. Unilever has over165000 employees all over the world with large network of retailers and distributors(Unilever, 2016). Most Unilever products come in plastic pack or bottles. They can be purchased in retail store, shopping mall, online etc.

Figure 2:Unilever’s Marketing Mix(4P+3P =7P)



Source:(ukessays.com, 2015).

The clients or customers of Unilever can be divided into various categories in terms of ages, income, what they want from Unilever. The customers of Unilever are of different ages. The personal and home care segment has age group of 14-50, income of medium to high. The food segment's age group starts from 5 and preference for tasty and healthy foods. The cost of the products of Unilever includes production, packaging, marketing, distribution etc. cost which are also included into the pricing of the products (Kalsoom, 2013). Unilever uses various communication mediums and also explore and considers new mediums through which communication with customers can be made (Choudhury, 2013). The customers of Unilever purchase products from retail stores, super shop, online shops etc. and Unilever actively participate to get better store location than competitors.

Figure 3: 4C of Unilever



Source:(ukessays.com, 2015).

Unilever’s Categories and Brands

Unilever’s Personal Care, Foods, Home Care and Refreshment categories each contain a portfolio of brands that aim to deliver consistent, competitive, profitable and responsible growth supported by investment in innovation and marketing. Unilever has 13 brands with sales of €1 billion or above and a growing number of Sustainable Living brands, such as Axe, Dove, Heart brand, Hellmann’s, Knorr, Lipton, Lux, Magnum, Omo, Rama, Rexona, Sunsilk, Surf that deliver strong social or environmental benefits and they actively manage our portfolio and in 2015 added a Prestige skin care range in Personal Care through acquisition, and focused some of our Foods brands in a new Baking, Cooking and Spreads business (Unilever, 2015).

Unilever operates in more than 190 countries and is present in seven out of ten households globally. Some geographies are new; others we have been in for more than 100 years. Although we operate in some markets that are volatile, with specific risks, our size and scale provide risk diversification and consistency

of returns over the long term. Our scale means we can take advantage of global manufacturing and distribution, providing efficiencies of scale and driving down costs(Unilever, 2016).

Now Unilever has 161 products in their product line(Unilever, 2018).

- Beauty and personal care-59 products
- Home care- 34 products
- Food and refreshment – 68 products

Figure 4:Some Products of Unilever



Source:(Unilever, 2018)

Branding of Unilever

A brand is a name, term, sign, symbol or design, or a combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors. Unilever is a worldwide well-known brand by everybody. This is because Unilever maintains a strict rules and use of its logo and other symbols, patterns etc. All the brands of Unilever have separate branding strategy but each has Unilever logo, design, ideology and message.

Figure 5: Meaning of Unilever's Logo

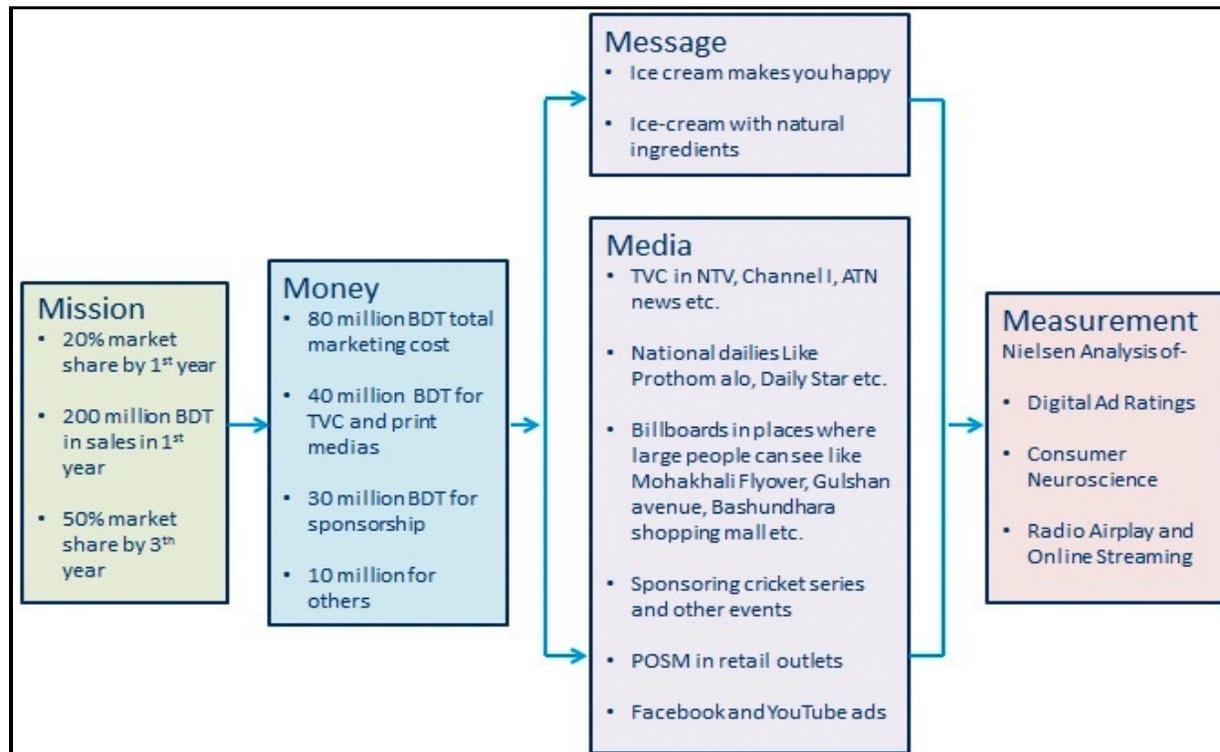


Source:(Kathrin Jansen, 2016)

The 5M of Unilever's Advertisement

The effectiveness of advertisement can be measured by various methods like Digital Ad Ratings, Consumer Neuroscience, Radio Airplay and Online Streaming etc. Marketing and promotion of Unilever takes place on a variety of mediums, intermediaries or platforms. The traditional mediums include print, radio, television, POSM, retailers, distributors etc. while the online mediums include ecommerce, social media, search engine marketing etc.

Figure 6:5M of Unilever’s Advertisement



Source:(ukessays.com, 2015)

The focus of Unilever is shifting from traditional medias to new phenomenon like social medias. As more and more people are getting involved with social medias it provides a great opportunity to engage people with the brands. The main focus of Unilever is to create a Omni-channel marketing for the company where customer can engage with the company from wherever they want to purchase from anywhere.

Unilever is involved with sponsoring a lot of events including sports, artistic performances, community and social awareness raising programs. Many events are created by Unilever as well. Generally different brands of Unilever are associated with sponsoring particular events. Many times Unilever jointly promote an event with other companies too. All the sponsorship of Unilever must match with its sustainable development plan and core values (Parvin, 2017).

Unilever’s Sustainable Plan

Unilever has been a purpose-driven company from its origins and its purpose is simple and clear to make sustainable living conventional. Every day, 2.5 billion people use Unilever’s products. The People are already affected by these changes which pose new challenges for Unilever: fluctuating commodity prices,

unstable markets and a shortage of sustainable raw materials. Business as usual is no longer an option(Unilever, 2016).Unilever formulates three goals that it aims to reach by 2020(Kathrin Jansen, 2016):

- Help more than one billion people improve their health and well-being
- Halve the environmental impact of its products
- Source 100% of agricultural raw materials sustainably.

The Unilever Sustainable Living Plan is directly linked to earnings and returns – it drives growth, reduces costs, mitigates risks and attracts talent. The Unilever plan identifies three main missions: ‘improving health and well-being’, ‘reducing environmental impact’ and ‘enhancing livelihoods’, whereas, each mission comes with a set of concrete goals(Kalsoom, 2013). Unilever understands that climate change, tightened environmental legislation, and increased consumer awareness have an impact on its business. Unilever focuses its sustainability efforts on four key areas: greenhouse gas emissions, water conservation, waste reduction and sustainable sourcing.

Unilever announced its ‘Sustainable Living Plan’ (SLP) in November 2010, the plan sets out its sustainability commitments and targets for the next decade. It aims to decouple business growth from environmental impact so that while the company increases in size it will reduce its total environmental footprint across the value chain(Siddique, 2018).The company has also set itself some stretching targets. By 2020 it aims to help more than a billion people take action to improve their health and wellbeing, halve the environmental footprint of its products, source 100% of its agricultural raw materials sustainably, and link more than half a million smallholder farmers and small-scale distributors to its supply chain(Siddique, 2018).

Conclusion

Unilever pursued that marketing strategy because consumers in emerging markets are often highly focused on price. It can give low-cost local competitors the edge unless a company can find ways to attract buyers with bargain prices as well as better products. Unilever believes profitable growth should also be responsible for growth. Unilever’s successful brand innovation program is supported with a high level of marketing and advertising activities including most media. As there are many opportunities in the foreign markets but the tendency of threats is also same as opportunities. The powerful Research and

Development (R&D) wing, diversified and differentiated product line and market analysis are all important factors that make a company enjoy its potential and good market share in the foreign market. To maintain a more successful brand value there must be excellent coordination and integration between the brand managers in the marketing department.

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