

Marketing Fundamentals

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Abstract

Marketing is a business practice of achieving corporate goals through fulfilling the customers' needs in a way to gain competitive advantages against rivals in the market. This assignment has explored different marketing dynamics through a detailed analysis of STP and the Marketing mix of a reputed FMCG company, Unilever. The company's market segmentation based on different demographic, geographic, psychological and behavioural factors has been analysed for its different products. The company's diverse customer targeting strategies with its different product segments and different brands have been critically analysed. The company's brand positioning strategies are strategically analysed here in comparison with other competitors in the industry. The company's strategies regarding product development, pricing, placing, promotion, people management, process management and physical evidence presentations are also going to be covered within the course of this critical analysis. Based on the Resource-based View Theory, the company's competitive advantages with unique marketing strategies have been critically analysed here.

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Introduction

Marketing is a business practice of achieving corporate goals by fulfilling the customers' needs in a way to gain competitive advantages against rivals in the market (Fahy and Jobber, 2019). Marketing dynamics is the conceptual tool for meeting customers' demands and integrating those strategic frameworks into the business strategies for improved performance of the business enterprises.

This assignment is going to explore different marketing dynamics through a detailed analysis of STP and the marketing mix of a reputed FMCG company, Unilever. The company's market segmentation, customer targeting and brand positioning strategies are going to be strategically analysed here. The company's strategies regarding product development, pricing, placing, promotion, people management, process management and physical evidence presentations are also going to be covered within the course of this critical analysis.



Figure 1: Marketing Concept

(Source: Fahy and Jobber, 2019)

STP analysis of Unilever

Segmentation: Unilever uses different bases for segmenting its market -

- **Geographic segmentation:** Unilever segments its market according to the geography of the market. In different geographic locations, it promotes different products.

- **Demographic segmentation:** Unilever uses age as one of the main bases for demographic segmentation of its market. Based on this, Beauty and wellbeing brands, Lux and Dove promote their products among young people. Again based on gender, it developed different products of Dove only for women. On the other hand, Axe is promoted among male customers. Based on the income of people, it divides its market into lower, middle and upper-class products. Dove and Pears are for upper-class people whereas Lux is for middle class and LifeBuoy is for lower-income people.
- **Behavioural segmentation:** It segments its market based on the customers' loyalty towards the company. Thus it tries to promote its products among the consumers loyal to the company's brands.

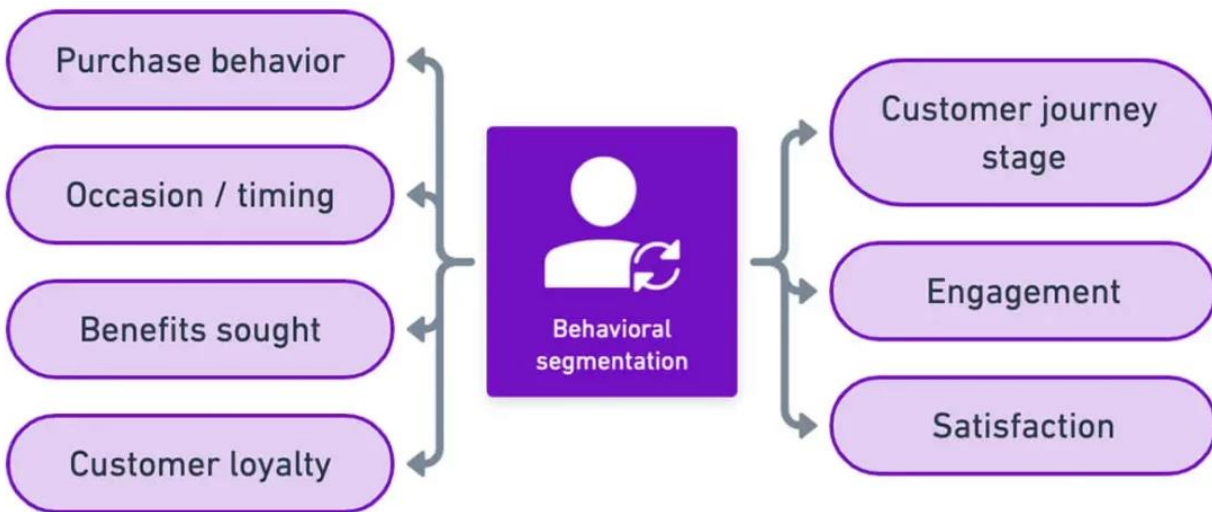


Figure 2: Factors of Behavioural Segmentation

(Source: Yieldify, 2020)

- **Psychological segmentation:** It segments its products based on the purchase intention of the customers. Based on this it focuses on the consumers who want to buy sustainable products for environmental well-being.

Targeting: With its diversified products, Unilever targets every single group of consumers in the market. For example, Dove targets all-aged women with higher income levels. Its nutrition brand, The Vegetarian Butcher targets vegans and meat lovers in the market as it offers plant-based meats for the customers (Unilever, 2023). Its different products target different segments of the market.

Positioning: Unilever positions its brands among the health-conscious and beauty-conscious people in the market. The company positions itself as a responsible corporate citizen. Sustainability is the core value of the company's responsible brand position in the market. Its new Sunlight liquid dishwasher contains biodegradable foaming agents (Unilever, 2023). Thus it is aiming to position its brands as sustainable ones.

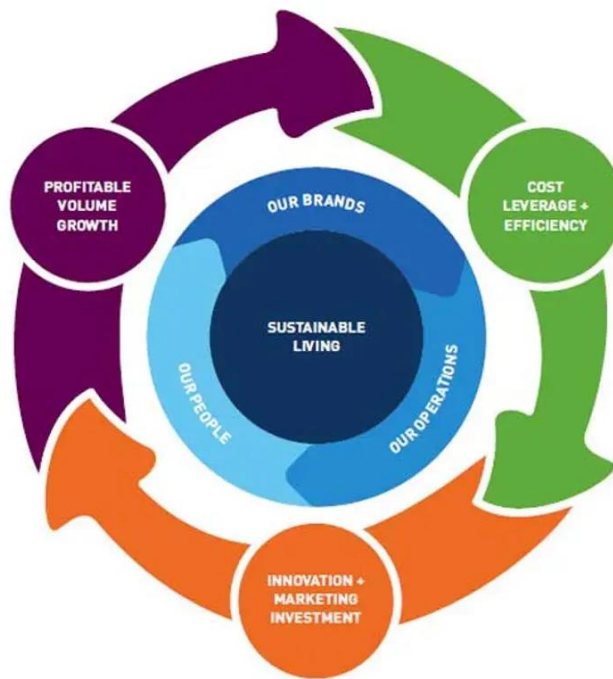


Figure 3: Sustainable Business Goals of Unilever

(Source: Unilever, 2019)

7Ps of Marketing Mix of Unilever

Product: Unilever's products are diverse under five categories including personal care, home care, beauty and wellbeing, ice cream and nutrition. The company is offering thousands of products under the name of 400 brands. More than 3.4 billion people are buying Unilever's products every day (Unilever, 2023). The company-owned 14 brands are in the list of top 50 chosen FMCG brands in the global market. Hellman's, Knorr, Horlicks and The Vegetarian Butcher are some of the most common brand names for Unilever's products under the Nutrition category. This product category reported a turnover of 13.9 billion euros in 2022 (Unilever, 2023). Its new product category, Ice Cream, is well-known for brands like Magnum, Walls and Ben & Jerry's. The products of Dove, Vaseline, Axe, Rexona and Sunsilk are sold under the

company's beauty and well-being as well as personal care product category. Unilever has recorded 12.4 billion euros of turnover in 2022 by selling homecare products (Unilever, 2023). This diversified product category is one of the strongest points of the company. Even in its products, the company uses high-quality ingredients. For example, the company uses ingredients which meet the standards of IFRA for its fragranced products. As part of the company's sustainable product development, it has forbidden the use of plastic scrub beads since 2014. The company has 200 staff in the SEAC team which is committed to product safety and environmentally safe product ingredients in its products (Unilever, 2023). Thus the company's marketing strategy of developing environmentally sustainable products ensures the company's success in the market.

Price: Unilever follows a market penetration pricing strategy for selling its products in the target markets. Penetration pricing strategy is the strategic plan to maintain low prices to attract customers in a new market. It is very effective for the company to start its business in a new market. This marketing strategy helps the company to gain customers' loyalty, create market demands for the company's brands and capture market share. Another pricing strategy followed by the company is value-based pricing. As a result of this pricing strategy, it sets the price of the products based on the perceived values of the products by the customers in a particular market. Therefore its pricing strategy is always according to the customers' expectations.

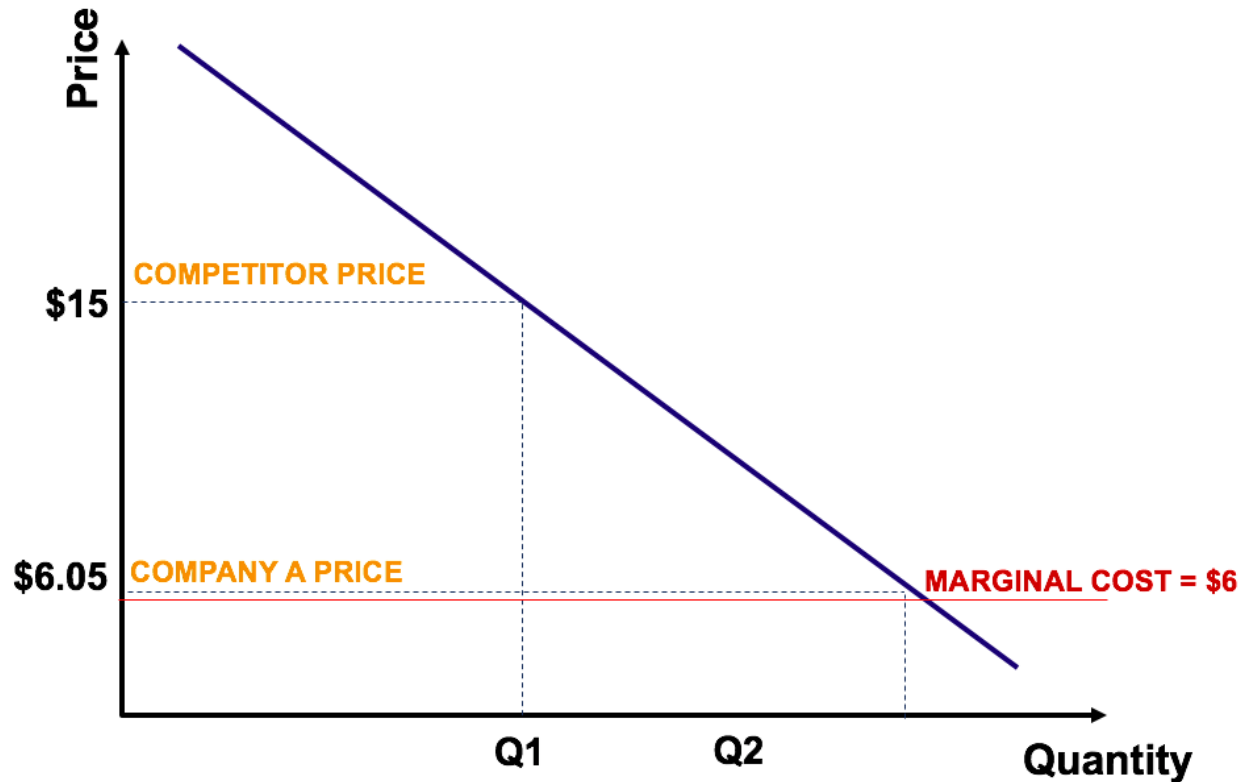


Figure 4: Penetration Pricing Strategy

(Source: Talerico, 2022)

Place: Unilever is a global FMCG company which is present in more than 190 countries across the world market. It uses both traditional and modern distribution channels to place its products in the target markets. Unilever distributes its products through supermarkets, convenience stores and direct sales through agents. Even the company offers its products through online channels. The company follows a last-mile distribution model to reach customers even in the remote locations of rural areas. For that, it employed 72,000 micro-entrepreneurs and 48,000 Shaktimans in the Indian market under its Shakti programme (Unilever, 2019). This model of product distribution is taken in the markets of Sri Lanka, Bangladesh, Pakistan, Egypt and Vietnam. In Nigeria, the company has employed over 2,000 female micro-retailers under the Gbemiga programme (Unilever, 2019). Thus the company reaches its products to the customers living in the most remote area of rural areas of the target markets. This placing strategy is unique and provides competitive advantages over its rivals.

Promotion: In the age of e-commerce, Unilever is exploring digital channels to promote its products. It has adopted the strategies of responsible marketing and advertising for the

sustainable development of business. For example, the company's well-reputed personal care brand Dove has started a social media campaign Real Beauty Challenge which aims to break the stereotypical ideas of beauty in society (Unilever, 2023). Again it's another campaign 'Dirt is Good' as a part of Persil's advertisement, the company is conveying the fact that getting dirty is the natural way of growing old for children. Comfort's One Rise campaign promotes the idea of water saving through its advertisement. Sustainability is at the heart of the company's initiatives to product promotions. In 2021, the company signed IFBA to improve the marketing communication standards for children in the market. Since 2023, January, the company has banned all kinds of advertisements and promotional activities of the products for customers under 16 years of age group (Lapatza, 2022). Thus the company's responsible marketing is the unique marketing strategy in the age of sustainable development.

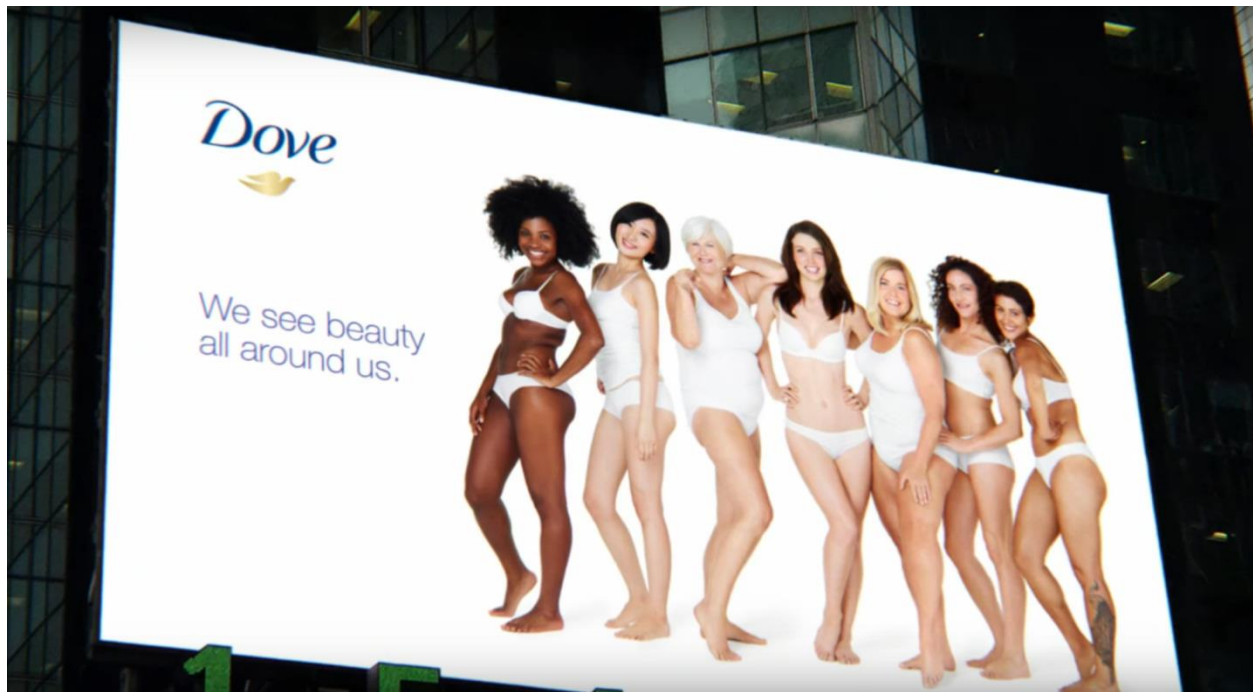


Figure 5: Dove Real Beauty Campaign

(Source: Cooney, 2019)

People: Unilever has 127,000 people across its business in more than 190 countries spanning the global market (Unilever, 2023). Unilever invests 2 billion euros annually to diversify its workforce. Under its social commitment, the company is working to achieve at least 51% of its owners, leaders and managers from the under-presented social groups and minor groups at the workplace (Unilever, 2023). Equality, diversity and inclusion are the heart of the company's

human capital management. The company has partnered with 87 organisations to ensure the living income of all the people working to develop the products and services of the company by 2030 (Unilever, 2023). The company's people are continuously upskilled with the company's skills development programmes and training.

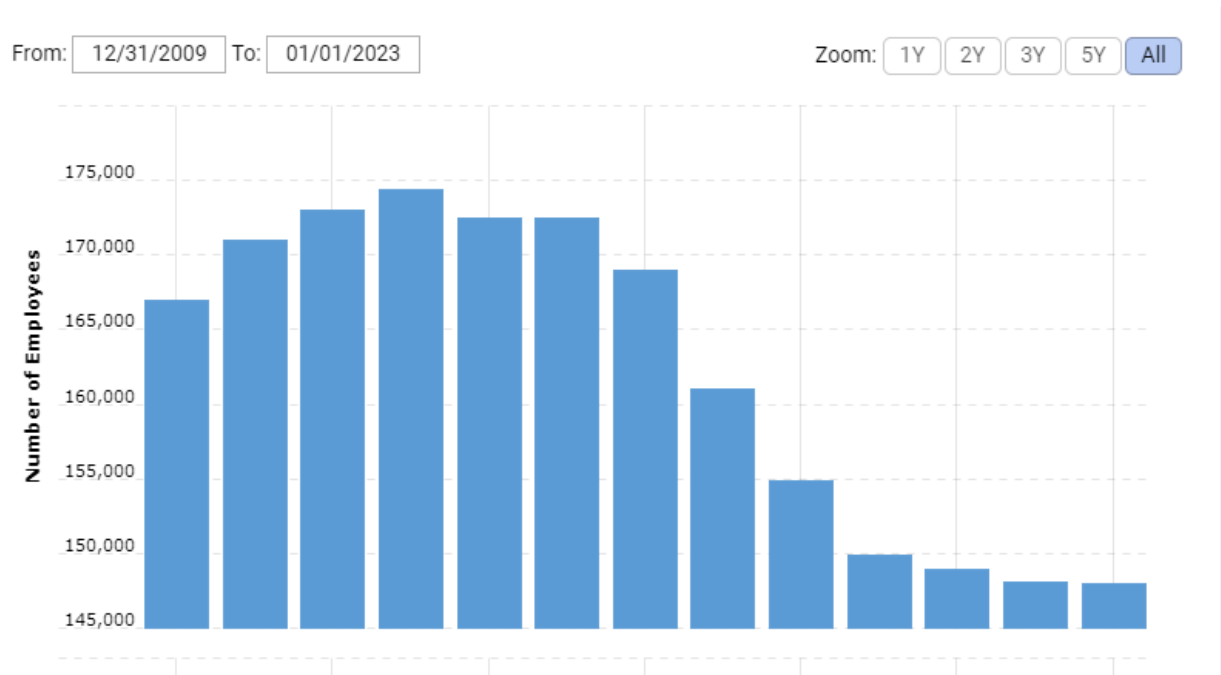


Figure 6: Employees of Unilever (2009-23)

(Source: Macrotrends, 2023)

Process: Unilever's organisational processes and activities aim to make sustainable living commonplace for all people. Discover, design and deploy is the core purpose of the company's business processes. The company is focusing on the integration of future technologies in its business processes. For example, it has developed Axe AI Body Spray accumulating 46 terabytes of digital data combining 3.5 million fragrances (Unilever, 2023). Following the Resource-based View Theory, it can be said that a valuable, inimitable and rare resource of a company helps to gain competitive advantages (Zhao and Morgan, 2019). Unilever is also trying to be unique for that reason. The company is exploring e-commerce channels and digital technologies for the development of its products, processes and customer service.

Physical evidence: Unilever has supermarkets, convenience stores and direct sales agents in the market. As a part of the company's sustainable business development goals, it has set its target to replace 100% of its traditional plastic packaging with recyclable and reusable plastics (Unilever, 2023). The company sells its products with virgin plastic packages.

Plastic packaging type	Percentage of total plastic packaging by weight ^(a)
Rigids	67%
<i>Including:</i>	<i>Including:</i>
<i>HDPE (High-density polyethylene)</i>	<i>30%</i>
<i>PP (Polypropylene)</i>	<i>26%</i>
<i>PET (Polyethylene terephthalate)</i>	<i>11%</i>
Flexibles	30%
Tubes	3%
(a) Percentages calculated from our plastic packaging (tonnes) during the reporting period (1 July 2020 to 30 June 2021).	

Figure 7: Unilever's Process of Reducing Plastic Packages

(Source: Unilever, 2023)

Conclusion

Conclusively, it can be argued that Unilever's strategies of diversified products, market penetration pricing, multi-channel distribution, ethical and responsible advertising and sustainable business processes help the company to gain competitive advantages in the market. Even the company's strategic segmentation and targeting of the customers and positioning of products in different target markets are also supportive of the company's growth.

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