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1. Introduction and Company Overview

1.1 Company Background

Unilever PLC is a British-Dutch multinational, which was founded in 1929 as a result of the merger of Lever Brothers and Margarine Unie. The company that was based in London has grown to become one of the biggest consumer goods businesses globally, where it operates in over 190 countries, serving about 3.4 billion consumers each day. Its international network, long-time existence and the worldwide scope establish it as one of the major participants in the international markets. Unilever has more than 400 brands; they are Dove, Knorr, Lipton, Magnum, Ben and Jerry's, Vaseline, and Surf (Fernandes et al., 2021). The brands cover personal care, beauty, nutrition, and home care, and hence the company is able to meet the different cultural and regional requirements. The company aims to make sustainable living a normal practice, and this is seen in its mission, which states that its mission is to put sustainability in all its operations. The Unilever Compass explains the way the company aims to provide growth and at the same time, contributing to social and environmental development. It is classified into three divisions, which are central to it, and they include Beauty and Wellbeing, Personal Care, and Nutrition. All divisions promote category-driven innovation and strategic focus. Unilever puts much money into research and development, digital capability, and collaboration with start-ups and universities (Disli, Yilmaz and Mohamed, 2022). It is also streamlining its portfolio by undertaking specific acquisitions and divestitures. Its global operations and staffing are founded on strong governance, ethical leadership, and adherence to diversity.

1.2 Financial Performance (2019–2023)

Unilever showed steady financial performance between 2019 and 2023 despite the global uncertainty and disruption caused by the pandemic, supply-chain bottlenecks, and inflationary pressures. The revenues grew consistently between 2019, which stood at 52 billion, and 2023, at 60 billion (Rajeev et al., 2017). This was achieved through price growth, portfolio optimisation and strong brand performance, especially in emerging markets. The operating margin of Unilever stood at 18%, which is stable, and this shows good cost management, brand equity and pricing strategy. Its gross margin stood at 42.5% in 2023, which implies that it enjoys the pricing power and is efficient in producing despite the increasing input prices. Such a margin allows the firm to invest in product

innovation, marketing and sustainability investments as it provides shareholder value. One of the performance indicators, Return on Invested Capital (ROIC), was 15.2% in 2023. This proves that Unilever is efficient in using its capital to earn returns and retain profitability (Zhuo and Chen, 2023). An investor's confidence and funding of growth initiatives in a capital-intensive industry require high ROIC levels to continue. Unilever, too, had a strong position in terms of free cash flow, which produced 7.1 billion Euros in 2023. Free cash flow will be critical in keeping the dividend payments, lowering debts, investments in research and development, and the acquisition of complementary businesses. The strictness of the cash management policy in the company helps the company to stay afloat and remain flexible in its strategy. It is estimated that about 58% of the Unilever turnover is in the emerging markets such as India, Brazil, Indonesia, and even a part of Africa (Fang and Liu, 2024). These markets present great growth potential owing to increased incomes and population explosion. Nevertheless, they also have a drawback, like currency volatility, political instability, and sensitivity to inflation. The financial strategy of the company is a mix of gradual growth and reduced risk-taking with value generation in the long term. With high liquidity and credit ratings, Unilever can ensure that it can be swift and in a good position to invest in innovation and respond to external shocks.

1.3 Strategic Challenge: Sustainable Growth in an Inflationary Environment

Unilever has a challenging strategic direction in 2025: it must continue to grow in a world that is becoming more influential and characterised by ongoing inflation, geopolitical uncertainties, and increasing consumer demands in the area of sustainability. The costs associated with raw materials, transport and energy are high and will continuously strain margins (Fang and Liu, 2024). The company has retaliated by raising prices in various product lines, but this is also a dangerous tactic of undermining the consumers, especially in developing economies where people are more price-conscious. Adequacy of price realisation and volume retention has thus been a priority.

The emerging economies generate more than half of Unilever's revenues, increasing the demand for locally flexible solutions. To stay competitive, smaller operational efficiency, investment in resilient local supply chains and innovation of low-cost and sustainable

packaging and products will be required (Iglesias et al., 2023). At the same time, consumer behaviour is changing. The need to have ethically sourced, climate-conscious, and health-conscious products will keep increasing. To satisfy these expectations requires greater incorporation of sustainability into product design, sourcing and manufacturing, but at scale, this adds costs and complexity in operations.

There is added pressure by the investors. Other activist shareholders believe that Unilever has overly emphasised the purpose and thus lost track of the main brand development. It has elicited the need to have transparent performance communication, simplification of portfolios and increased leadership accountability. There is also a growing regulatory pressure, especially in the areas of environmental protection, transparency of reporting, and consumer protection (Tandon, Bhatnagar and Sharma, 2024). Such requirements require a continuous investment in compliance and active interaction with world policymakers. Unilever should therefore strike a balance between inflationary pressures, changing consumer values, investor expectations and regulation changes and ensure that it does not stop in its sustainability agenda. Its competitiveness and ability to withstand in the changing consumer goods environment will be determined by how it reacts to the situation.

2. External Environment Analysis and Competitive Positioning

2.1 Porter's Five Forces Analysis

Porter's Five Forces framework helps analyse the competitive pressures in Unilever's industry and guides strategic responses.



Figure 1: Porter's Five Forces Analysis

Source: (Bretas and Alon, 2021)

Competitive Rivalry – High

Unilever has to fight with such global leaders as Procter and Gamble, Nestle and Colgate-Palmolive in the personal-care, home-care, and food sectors. Local brands and house brands also increase the competition, especially in the emerging markets. This is maintained by high brand recognition, fierce pricing and further innovation (Bretas and Alon, 2021). To differentiate itself, Unilever uses brand equity, scale, and sustainable practices. However, there is still a high level of competition due to the similarity of the products and the low switching costs.

Bargaining Power of Suppliers – Moderate

Unilever has a large number of suppliers of raw materials such as palm oil, tea and dairy. The suppliers also face their risks, which include weather problems and geopolitical unrest. Unilever has the advantage of negotiating favourable contract conditions and diversifying its suppliers, due to its size (Rajeev et al., 2017). However, it is constrained by its reliance on agricultural commodities in terms of controlling costs. Price volatility maintains this power at moderate levels and is achieved by ethical sourcing standards and long-term supplier collaboration.

Threat of Substitutes – Moderate

Consumers can choose different options: they can use their own labels, local brands, or homemade or natural alternatives. As an illustration, instead of using bar soap, liquid soap can be used, and instead of margarine, one can use butter. Recessions increase this threat because consumers are drawn to less expensive alternatives (Plekhanov, Franke and Netland, 2023). However, Unilever's brand loyalty, product performance, and sustainability messages are useful in retaining customers. Nevertheless, innovation and competitive pricing cannot be ignored in reducing the substitution risk.

Bargaining Power of Buyers – High

Buyers are either individuals or huge retailers like Walmart and Carrefour. The retailers, particularly international chains, have great power because they can receive discounts, better terms, and promotional assistance. At the consumer level, price comparison and the internet have brought about awareness and choice (Fernando et al., 2022). Unilever, in turn, creates direct-to-consumer applications, loyalty initiatives, and cause-driven marketing campaigns that help enhance relations and break the reliance on big intermediaries.

Threat of New Entrants – Low

The FMCG industry has high barriers to entry. These are huge capital requirements, complexity of regulations, and the issue of brand development. Small and niche players can make a digital incursion, but it is hard to reach the scale of Unilever (Mogaji et al., 2021). Most new entrants to Unilever are put out of business by its worldwide distribution network, familiarity in international markets, and economies of scale. The threat is low, although there are instances where some of the start-up brands do well in small niches.

2.2 PESTEL Analysis

The PESTEL framework explores macro-environmental factors influencing Unilever's global strategy.

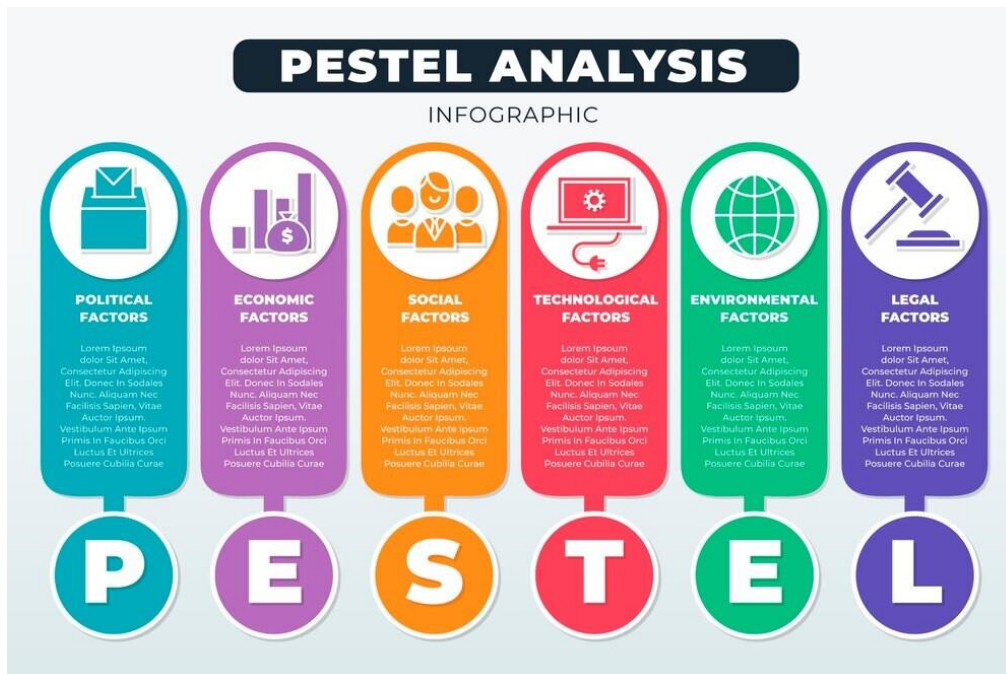


Figure 2: PESTEL Analysis

Source: (Tien, 2019)

Political

The company operates in over 190 countries, which exposes Unilever to various political systems and regulations. Economic conflict, protectionism and political instability in key areas affect supply chains and increase compliance expenses (Tien, 2019). Certain events, like Brexit, have necessitated changes in the sourcing and distribution. Unilever addresses these threats by diversifying geographically and localising its activities, thus providing regulatory flexibility in the political settings.

Economic

Economic changes at the global level, especially inflation and currency changes, influence Unilever's operations. An increase in the cost of inputs and energy reduces margins or requires price hikes, which may strip the demand (Vidal et al., 2022). Recessions force the consumer to value the price more than the brand loyalty, and this affects high-quality products. However, the diversification of the Unilever portfolio and its presence in both developed and emerging markets allow the company to overcome the uncertainty in the economic environment and capitalise on growth opportunities.

Social

The brand strategy of Unilever revolves around social trends. Consumer preferences are changing as a result of increasing demand for ethical, sustainable and inclusive products. The Dove Real Beauty and Ben and Jerry activism campaigns resonate with the values-oriented consumers (Anderson and Nelgen, 2021). The increased health consciousness is another force that promotes the demand for natural, organic and less sugar products. By adjusting to the changing demographics, lifestyles and social expectations, Unilever will always be culturally appropriate and customer centred.

Technological

The FMCG industry is changing with technology by automating, engaging in e-commerce, and using data analytics. Unilever implements AI, predictive analytics and digital marketing in order to become more efficient and personalised in their engagement (Disli, Yilmaz and Mohamed, 2022). Direct-to-consumer strategies, including e-commerce outlets, can be invested in and have a higher level of control over the branding and customer information. The adoption of technology enhances the development of products, prediction and agility of operations in the fast-changing retail environment.

Environmental

Unilever is affected greatly by issues involving the environment and, in particular, climate change, deforestation, and plastic pollution. Unilever, being a significant consumer of agricultural commodities, is facing the threats of extreme weather and a shortage of resources (Zhang and Chen, 2024). The company has undertaken a net-zero emission, eco-friendly energy, and smaller plastic waste, and it is changing to recyclable, reusable or compostable packaging in all brands. Social responsibility and sustainability are strengthened by environmental leadership, which enhances that of Unilever, and meets the increasing stakeholder expectations.

Legal

There are stricter worldwide regulations in relation to consumer safety, sustainability assertions and labour practices. Alteration in laws across jurisdictions increases the cost

and risks of compliance. Governments are paying more attention to greenwashing, supply chain ethics and health labelling (Cheng et al., 2021). Unilever has strong legal departments that observe and make sure that things go well. Risk management and trust in the stakeholders are supported by transparent reporting and third-party audits.

2.3 Strategic Group Map

A strategic group map is a map of firms in an industry clustering together as a consequence of having similar strategic natures. Unilever functions in the high-end, sustainability-focused segment in the FMCG industry, which is the same case as Procter and Gamble and L'Oréal. These firms focus on quality, innovation and ethical branding. The brands, Dove, Ben and Jerry and Hellmann, that are operated by Unilever are aligned on both performance and purpose (Cheng et al., 2021). Brand campaigns emphasise social impact, climate action and consumer empowerment. These values add emotional attachment with customers, which price-based competitors find difficult to imitate.

Conversely, local brands and private labels are fighting off in terms of price because they target low-end customers. They also do not have the marketing capital and the world reputation that companies such as Unilever hold. Although the quality of the private labels and increased market share have been enhanced, especially in the period of economic recession, they do not compete well with the differentiation and accessibility of Unilever (Naqvi et al., 2021). Unilever defends its luxury status through R&D, ethical brand acquisition (The Vegetarian Butcher) and regionalisation. This ability to be flexible strategically gives it the capability of satisfying a wide range of requirements in the market without losing its international standing. Its sustainability leadership is also warranting the justification of premium pricing and building of long-term loyalty.

3. Internal Analysis

3.1 VRIO Framework Analysis

The VRIO framework can be used to assess whether the resources and capabilities of Unilever can create a sustained competitive advantage. Through value, rarity,

inimitability, and organisational support analysis, a better picture can be described of how the company can win its niche in the global FMCG industry.

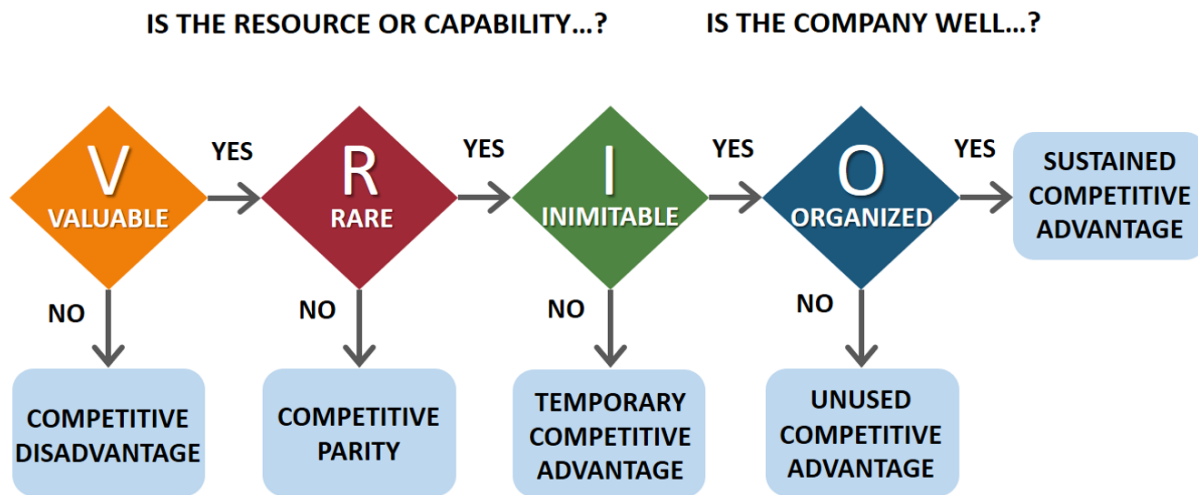


Figure 3: VRIO Framework Analysis

Source: (Fernandes et al., 2021)

Valuable:

The great brand portfolio of Unilever is the most valuable asset of the company, which includes twenty-five billion-euro brands that serve about 70% of the world's sales. These brands are universally known, well-trusted by consumers, have a constant stream of cash flow, build on the market share worldwide, and have a premium shelf placement in any retail setting (Fernandes et al., 2021). Their strength also increases the bargaining power of Unilever with the suppliers and retailers. The brand equity acquired in the course of decades creates a strong background of innovations, product extension, and stability of customer loyalty. The resultant effect is that this portfolio offers long-term value to support revenue and resilience.

Rare:

The level of sustainability that Unilever has embedded in its main strategy is not common in the FMCG sector. It was one of the pioneering firms to practise sustainable sourcing, waste reduction, carbon stewardship and community support. This leadership is rare since it needs to invest long-term, possess internal capability and have transparent systems of governance (Omol, 2024). Competitors are also aiming at similar objectives; however, none have integrated sustainability on a scale as holistic as it is in the company, supply chains, and brand positioning. This infrequent ability reinforces the differentiation of Unilever as the consumer demands increase.

Inimitable:

The global supply chain of the company is very imitable. It covers hundreds of suppliers, partners and distributors in various continents. Its technology is a result of decades of learning how to operate, investing in technology and building relationships. Exploitative agreements with suppliers, sophisticated logistics and inherent cultural expertise make imitation very expensive and complicated (Kraus et al., 2021). It is possible that competitors can copy elements, but never the whole integrated system. This makes the supply chain of Unilever a highly entrenched competitive edge.

Organised:

Unilever is also well structured to capitalise on these strengths. The Connected 4 Growth model enables the power of local teams and speeds up decision-making, and harmonises strategic priorities among the divisions (Zhao et al., 2024). Good accountability, nimble structures, and cross-functional integration can be used to make sure the deployed resources are of value, rare, and inimitable enough to have a competitive impact.

3.2 Value Chain Analysis

An in-depth examination of the value chain offers an insight into the creation of value within Unilever at every level of operation, and in doing so, it is increasing its overall competitive advantage.

Primary Activities

Inbound Logistics: The Unilever sustainable sourcing initiative has now encompassed sixty-eight per cent of the agricultural raw materials of the company; the initiative has reiterated that the company believes in responsible sourcing (Fang and Liu, 2024). Close interaction with farmers, traceability investment, and emphasis on long-term collaboration guarantee the increased quality, as well as the ethicality and stewardship of the environment. Such sourcing programmes minimise risks, enhance resilience, and also enhance the positive brand image of Unilever.

Operations: The company has an operation base with 133 sites all over the world, with a focus on automation and digitisation of the processes. This new manufacturing strategy increases the efficiency of operation and allows it to be customised according to the local market without losing speed or uniformity (Plekhanov, Franke and Netland, 2023). Automation lowers costs of operations, enhances quality and compliance to safety and sustainability standards, which are critical in positioning premium products.

Marketing and Sales: Unilever is highly competent in digital marketing, with thirty-five per cent of its advertising budget going to digital advertising sources. This approach gives the opportunity to target very accurately, engage consumers more, and optimise campaigns in real-time (Anderson and Nelgen, 2021). Strong online campaign facilitates expansion of e-commerce and direct-to-consumer channel, whereas conventional marketing channels reach a wide market with synergy, and support brand consistency across markets.

Support Activities

Technology Development: Unilever has established innovation as a part of its long-term competitive advantage and invests EUR 1.2billion per annum in research and development (Anderson and Nelgen, 2021). The R&D units of Unilever concentrate on breakthrough products, more sustainable packaging, and high-technology process technologies. Applying research and technology partners, universities and collaborating with universities speed up the innovation rate as well as utilising outside knowledge and cutting-edge science.

Human resource management: Unilever boasts of a diverse and global workforce of 148,000 employees that forms the basis of its status as a top employer. The company focuses on leadership growth, encourages learning and growth, and ensures diversity and inclusion as some of its core values (Rajeev et al., 2017). The high-performance, high-engagement and loyalty culture is enabled by proactive HR policies. As a result, Unilever can recruit the most talented employees and make the organisation stable and prepared to innovate.

3.3 Business-Level Strategy

Unilever has a wide-ranging differentiation model, which is based on a premium positioning and sustainability, thus carving off a distinctive niche in the FMCG market (Tien, 2019). The company does not focus on price competition alone but enables the uniqueness of the product and brand purpose, as well as high-value-added products.

Product Innovation: Unilever puts a lot of resources into new product innovation, and some of the new products involve its plant-based line under The Vegetarian Butcher (Cheng et al., 2021). Unilever can grow in high-margin categories faster by responding to the changing consumer demands of nutritious, innovative, sustainable foods and personal-care products.

Integration of Brand Purpose: Unilever places social and environmental responsibility at the heart of its brands. Educational campaigns like the Dove Self-Esteem Project promote good social transformation and increased consumer attachment, so that the purchases made by the customers are reinforced into the larger societal values (Cheng et al., 2021).

Premiumization Strategy: Unilever has a premium portfolio, which is increasing by nine per cent every year, by continuing to invest in high-value product lines and brand building (Tandon, Bhatnagar and Sharma, 2024). This plan facilitates greater profit margins and market leadership in favourable market segments based on health, sustainability and aspirational lifestyle.

4. Strategic Options and Decision-Making

A detailed evaluation of Unilever's strategic choices and corporate decisions requires a structured approach, employing proven models like Ansoff's Matrix, corporate strategy evaluation, and the BCG Portfolio Matrix (Tandon, Bhatnagar and Sharma, 2024). These frameworks yield a comprehensive picture of Unilever's competitive stance, risk management, growth opportunities, and portfolio health.

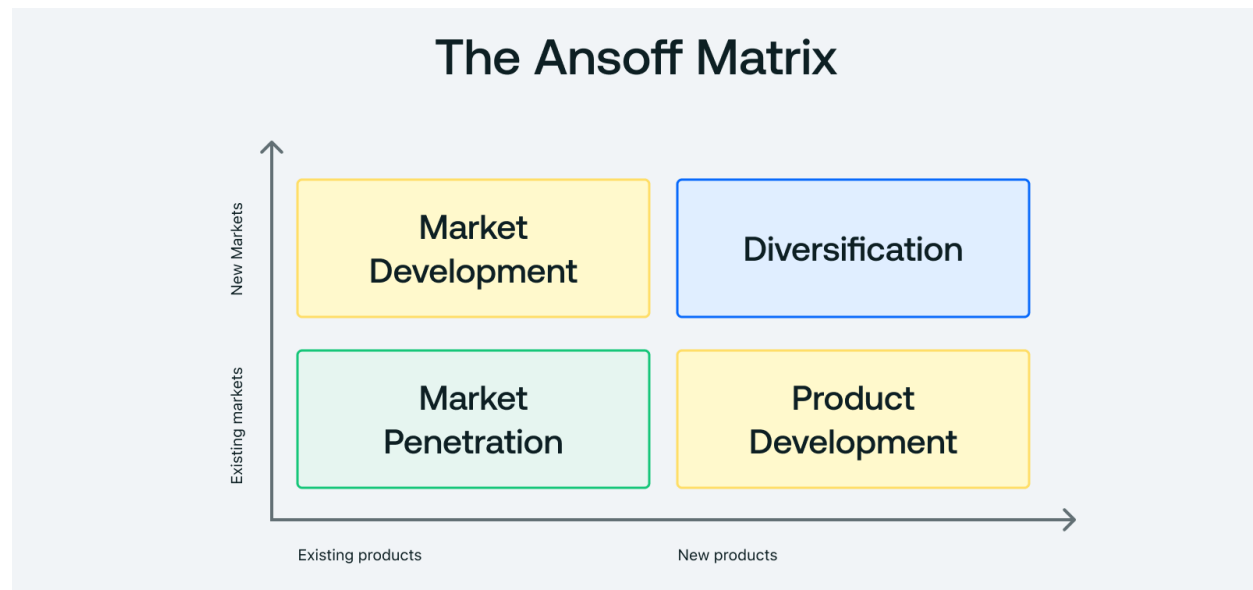


Figure 4: Ansoff's Matrix Analysis

Source: (Disli, Yilmaz and Mohamed, 2022)

4.1 Ansoff's Matrix Analysis

Matrix developed by Ansoff offers a strategic roadmap to the company development, and it has four main directions united in the company development: market penetration, product development, market development and diversification (Disli, Yilmaz and Mohamed, 2022). The avenues have different threats and opportunities.

Market Penetration

Unilever supports market penetration by focusing on the emerging markets where the growing incomes and population growth create a demand. It enhances affordability by rolling out programmes like sachetisation, which involves small, low-priced formats thus expanding access to well-known brands. Local distribution relationships also enhance

penetration in rural and fast urbanising regions (Iglesias et al., 2023). These programmes help Unilever to protect market share against local competition in the region and maintain high volumes in Asia, Africa, and Latin America. Differentiated pricing and culturally-oriented marketing strengthen loyalty within very price-sensitive segments and take incremental share in growth markets.

Product Development

Product development is one of the strategies used by Unilever in its effort to remain competitive in the context of fast-changing consumer environments. The key to this strategy is to extend its health and wellness division, especially as the demand for functional and preventive nutrition rises. New products like immune-support teas, dairy-free products of plant origin, and clean-label personal care items will indicate changes in health and sustainability (Mogaji et al., 2021). The purchase of The Vegetarian Butcher enhances the position of Unilever in plant-based proteins, and the advanced R&D quickens the formulation processes. Located knowledge falls into product adaptation, and product relevance is guaranteed in the different markets.

Market Development

Unilever focuses on underpenetrated markets, and Africa is a significant prospect in the long term. These markets are conditioned by the success of flexible distribution by local stores, e-commerce, and community-based networks. The local climates, tastes and health conditions are used in the adaptation of product portfolios (Zhang and Chen, 2024). Collaborative efforts with governments and non-governmental organisations are made to increase the coverage and assist social-impact projects. Supply-chain infrastructure investment ensures stability, which provides the availability of products and curbs logistical challenges.

Diversification

Diversification will allow Unilever to increase its category presence and lower risk exposure. Premium, digital-first categories and younger consumers can be entered into through strategic acquisitions, including Dollar Shave Club (Bretas and Alon, 2021). Focused growth in high-margin and innovative divisions enhances portfolio stability and

cushions against the disruptive behaviour of nimble competitors. The strategy is enabling the expansion outside of the usual food and personal-care segments and strengthening the resilience in the long run.

4.2 Corporate Strategy Evaluation

The corporate strategy of Unilever represents a combination of both similar and non-similar diversification, the purpose of which is to create resilience and profitable growth.

Related Diversification

The development of the brand, Horlicks, as an established brand of nutritional beverages, makes Unilever stronger in the health and wellness segment, especially in India, where the nutritional aspect is a priority segment of high growth, and the Indian consumer awareness of nutrition-related health is increasing (Vidal et al., 2022). Through the acquisition of Horlicks, Unilever enhances its synergies with its already established food and nutrition product lines, gains incremental market share, and cross-promotes its wider variety of product lines through an established distribution network. Such diversification is related to and complies with the strengths of the company and increases long-term brand equity in geographies that would be strategic.

Unrelated Diversification

Unilever has tried, but eventually failed with a bid worth 50 billion (L) to buy the consumer health unit of GSK in 2022, which displays its interest in unrelated diversification. This kind of transaction would have diversified Unilever in terms of its operations to new lines of revenue with minimal overlaps to its existing operations and consequently introduce a pharmaceutical-based consumer health aspect (Kraus et al., 2021). Though the bid was withdrawn, it highlighted that Unilever was prepared to take calculated risks, that it is sensitive to investor response regarding valuation or complexity of integration, and it has noted that it needs to be flexible in facing market-transforming opportunities. This is also an indication of the strategic flexibility of Unilever; it can always take a step back to the aggressive expansion strategies when financial discipline or market forces dictate the need to do so. Unsuccessful bids are nonetheless very insightful in future acquisition strategy, identification of targets and risk-management procedures.

4.3 Portfolio Analysis (BCG Matrix)

In order to make the best resource allocation and strategy balance, Unilever continuously utilises the BCG Matrix to assess its portfolio: stars, cash cows, question marks, and the dogs.

BCG Matrix for Apple

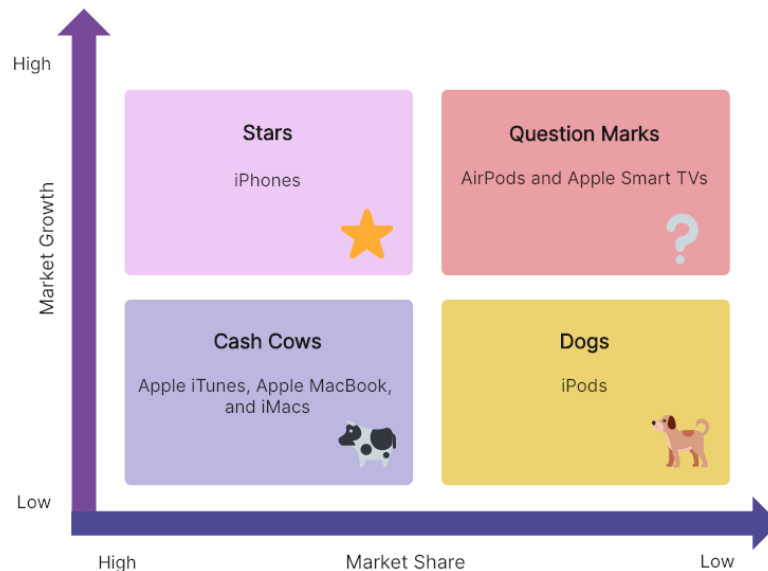


Figure 5: BCG Matrix

Source: (Naqvi et al., 2021)

Stars: Dove and Hellmann's are some brands that hold good positions in the market in the rapidly expanding categories. They are also very attractive in terms of investments in marketing, product innovation and international expansion as they are the future growth generators of Unilever (Fernandes et al., 2021). The long-term research and development guarantee the relevance of these brands to the changing consumer preferences and give them a competitive edge.

Cash Cows: Knorr and Lipton have mature markets, great market share and a stable demand. They produce sound cash flows that can be used to invest in other portfolio segments (Naqvi et al., 2021). These brands have to be managed by disciplined spending that is efficiency-driven, supply-chain efficient and incremental innovation to maintain margins and long-term profitability.

Question Marks: Plant-based meat substitutes are high-growth and low-share products. These units are under tough competition and unpredictable earnings (Fernandes et al., 2021). Unilever will have to analyse whether they can be taken to the star position through specific investment, increased research and development, and improved marketing campaigns, or it will be more appropriate to divest or to reposition them.

Dogs: Some of the local tea brands that are being phased out are under the dog category. Those with low growth and low share require tough choices of either quitting, minimal investment or major restructuring of their structure in order to release resources to other, more viable ventures (Naqvi et al., 2021).

5. Data Analysis, Strategic Implementation, and Recommendations

5.1 Financial Performance Analysis

The stringent analysis of the financial activity of Unilever between 2019 and 2023 offers a complex situation. The company is a world leader in the fast-moving consumer goods (FMCG) market, but its revenue growth has consistently remained stable, though comparatively low compared to that of its market competitors (Zhao et al., 2024). In particular, Unilever reported a yearly average growth rate (CAGR) of 3.4 % in the 2019 - 2023 period, lagging behind a major competitor, Procter and Gamble, which recorded a higher 5.1 % CAGR. This gap points to the necessity of Unilever to step up the revenue-generating efforts and think of new dynamic methods to speed up the growth and market share (Zhao et al., 2024).

The pace of growth in the emerging markets, **which** are traditionally one of the major drivers of Unilever's growth, has also been low. The emerging markets segment has been experiencing a growth rate of 4.2% in 2023, which is significantly lower than the 8.1% growth rate in 2019 (Omol, 2024). This can be blamed on a mix of macroeconomic headwinds, changing consumer tastes and heightened competition by both domestic and international actors. The decelerated figure of the fast-paced economies points to the fact that Unilever requires an urgent revision of its methods of geographical expansion and market penetration, product adaptation to local demands, maximum affordability, and culturally oriented marketing to jumpstart regional growth.

In the meantime, Unilever has been facing a consistent gross-margin pressure, which has been mainly caused by inflationary tendencies in the prices of raw materials, logistics and energy prices. The gross margin of the company fell by 120 basis points (bps) in 2023, **which** is evidence of the increasing cost management and price transmission problems (Fernando et al., 2022). Inflation will limit profitability, with the amount of capital available to reinvest and make long-term predictions. Combined, these financial indicators drive a critical need to change its strategy with a focus on operational efficiency, value-added innovation, portfolio optimisation, and increased responsiveness to external disruptions.

5.2 Strategic Recommendations

Considering the complexity of the various factors in which it operates, Unilever needs to resort to integrated and forward-looking strategies to rejuvenate its momentum and improve its competitiveness in the long run.

1. Accelerate Premiumization: Unilever must focus on premium segments that have high margins to counter inflationary forces and stabilise profits. The range of diversified personal care, wellness, and nutrition products will appeal to health-conscious and digitally active consumers (Tien, 2019). The high-quality products supported by good brand equity, sustainable packaging, and strong value propositions will increase margins and increase loyalty.

2. Simplify Portfolio: There should be a rigorous portfolio rationalisation. Selling non-core and poorly performing brands will also liberate capital, internal complexity and enable a more accurate focus on scalable categories with the greatest growth potential. The focus on investment in core food, beauty and health brands will enhance marketing efficiency and improve the strategic agility of Unilever.

3. Faster Digital Transformation: It is essential to increase the digital capabilities, especially the DTC infrastructure and AI-based demand forecasting. Such tools provide a platform to engage with consumers directly, have more data insights, and have more responsive supply chains (Bretas and Alon, 2021). The cohesion of the digital ecosystem in markets will enable a smooth flow of omnichannel experiences and enhance the effectiveness of trade promotion.

4. Innovate to Sustain the Drive: Unilever needs to be at the forefront of sustainable packaging through recyclable, compostable and low-plastic packaging (Disli, Yilmaz and Mohamed, 2022). Incorporating sustainability in product design, procurement, and logistics will support ethical leadership, predict regulatory restraint and generate significant competitive advantage.

5.3 Implementation Plan

Timeframe	Key Actions	Strategic Purpose
Short-Term (0–12 months)	Launch a €2 billion productivity and cost-efficiency programme. Optimise procurement, manufacturing, and logistics to protect margins (Disli, Yilmaz and Mohamed, 2022). Deploy advanced pricing analytics to refine elasticity modelling and trade promotion efficiency. Align cross-functional leadership and strengthen stakeholder communication (Tandon, Bhatnagar and Sharma, 2024). Accelerate digital pilot projects in priority markets.	Stabilise financial performance and generate funds for reinvestment. Improve revenue management and preserve competitiveness. Build organisational readiness for wider digital transformation.
Medium-Term (1–3 years)	Conduct a full portfolio review and divest non-core or underperforming brands. Establish a digital factory to strengthen e-commerce and DTC operations.	Simplify structure and focus on scalable growth engines. • Accelerate digital capability and experimentation (Tandon, Bhatnagar and Sharma, 2024).

	Scale AI-driven demand forecasting across regions (Vidal et al., 2022). Embed sustainability KPIs within executive performance metrics. Expand partnerships for advanced packaging and materials R&D (Vidal et al., 2022).	Enhance forecasting accuracy and supply chain agility. Drive accountable sustainability leadership.
Long-Term (3–5 years)	Target 100% sustainable sourcing and progress toward net-zero emissions by 2028. Implement large-scale sustainability programs across production, logistics, and waste systems. Integrate AI-enabled tools and circular economy models into core operations (Fernando et al., 2022). Invest in workforce upskilling and global collaboration.	Strengthen long-term resilience and regulatory alignment. Build sustainability into operational DNA (Fernando et al., 2022). Position Unilever as a future-ready, competitive FMCG leader.

CONCLUSION

Unilever is a global business that is very competitive, inflation-driven, and sensitive to sustainability. Its ability to manage the mounting costs, changing consumer demands, shareholder exertion, and regulatory strains will determine its future strength. The internal analysis shows that it has strong brand equity, advanced supply-chain competency and good organisational competence, but the external analysis specifies that it has

opportunities in growing markets and threats of increasing competition (Fernandes et al., 2021). Premiumization, portfolio simplification, digital acceleration, and sustainability innovation are all viable strategies that give the company the opportunity to grow. This will require effective implementation in short, medium, and long-term periods. Finally, the success of Unilever is determined by a high level of discipline and a long-term, responsible value-making effort.

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