Unilever

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Global Business Environment **and International Strategy of Unilever**



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Introduction

International firms have to be flexible and adapt to the changing global environments to be competitive continually. Unilever is a multinational corporation with operations in more than 190 countries and has billions of consumers every day, which is why it is an important case to analyse the international strategy and environmental factors (Deloitte, 2023; Unilever, 2024). Knowledge about the strategy of the firm can be used to understand how the multinational corporations address the issue of global efficiency versus local sensitivity in their markets.

Key Points

- Unilever is a large multinational company in the FMCG.
- Operates in 190+ countries
- Has approximately 3.4 billion consumers per day.
- Well established business in food, home care and personal care products.

This presentation analyses:

- Business environment
- International strategy
- Problems and opportunities.
- Strategic suggestions.

(Deloitte, 2023; Unilever, 2024)



Company Overview

The FMCG industry is highly competitive with high brand loyalty and has a high product turnover. Kotler and Keller (2016) state that in these competitive industries, the company has to constantly innovate and adopt powerful marketing tactics. Unilever has a leading position due to its presence of a large number of brands and distribution capabilities across the world.

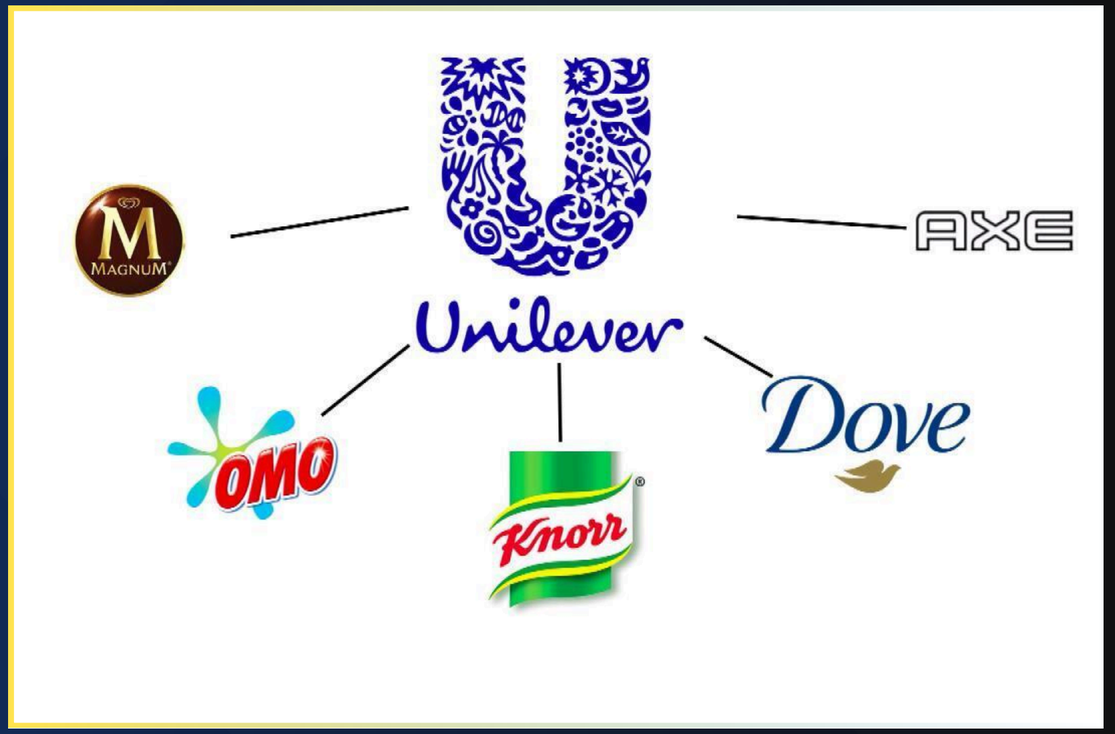
Key Points

- International FMCG brand powerhouse with 400 or more brands.

Key brands include:

- Dove
- Lipton
- Knorr
- Ben & Jerry's

Turnover about 60.1 billion Euros annually.



Global Market Presence

The worldwide nature of the Unilever business also gives it the advantage of the diversification of the market across borders. The urbanisation and the growing middle-income levels of the population make emerging economies of specific interest to the company development strategy (Statista, 2024; Deloitte, 2023).

Key Points

- Operates in 190+ countries
- Has 3.4 billion consumers every day.

Key regional markets:

- Europe – established market
- Asia – high growth
- Africa - emerging opportunities.

The contribution percentage of the emerging markets is about 58%.



PESTLE Analysis **Overview**

The PESTLE analysis is the framework used in the strategic management of organisations in order to analyse the external environment forces. It assesses the political, economical, social, technological, legal and environmental factors that influence the business strategy (Johnson et al., 2017).



Key Points

- Political factors
- Economic conditions
- Social and cultural trends
- Technological innovation
- Legal regulations
- Sustainability of the environment.

Political and Economic **Factors**

The fact that Unilever operates globally is susceptible to diverse political and economic environments in different countries. Supply chains are directly impacted by government policies, trade regulations and economic stability on their costs of production and access in the market (Panmore Institute, 2024).

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Political Factors

- Trade tariffs and immigration laws.
- Stability in operations countries in terms of politics.
- Effects of such events like Brexit.

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Economic Factors

- Currency fluctuations and inflation.
- Consumer purchasing power
- Expansion in new markets.

Social and Technological Factors

In different cultures, the consumer choice is vastly different and localisation of multinational firms is therefore a strategy that is important. The consumer preference of food, hygiene and beauty products is affected by the cultural values (Hofstede, 2001).

Social Factors

- Consumer behaviour cultural differences.
- Local lifestyle taste.
- Demand of health products and beauty products.



Technological Factors

- Expansion of e-commerce websites.
- Use of data analytics
- Artificial intelligence supply chain management.

Environmental and Legal Factors

Environmental sustainability is a strategic issue that multinational corporations have taken seriously. The growing environmental consciousness of consumers and governments is promoting business sustainability in companies such as Unilever (Deloitte, 2023).





Environmental Factors

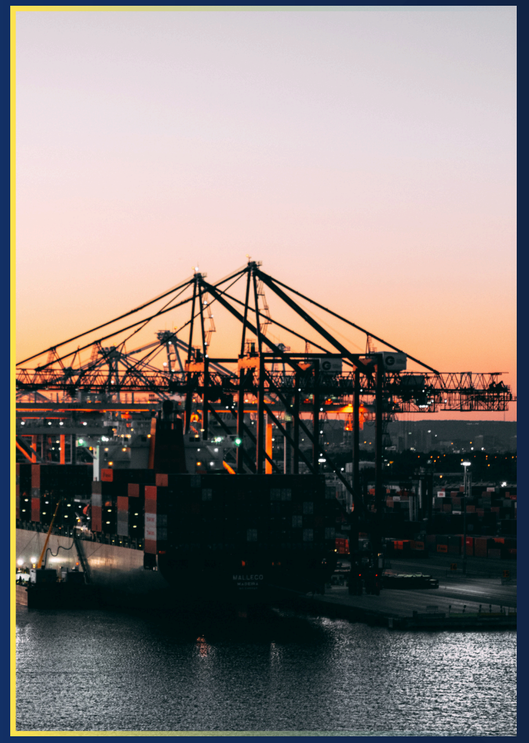
- Reducing plastic packaging
- The sourcing of raw materials is sustainable
- Reducing carbon emissions

Legal Factors

- Food safety regulations
- Advertising standards
- Labour laws

International **Strategy**

Bartlett and Ghoshal (1989) were of the view that multinational firms take various international strategies based on the degree of global integration and local responsiveness. Unilever predominantly has a multi-domestic approach which enables the company to tailor products and marketing to the local markets.



- High local responsiveness
- Decentralisation in decision-making.
- Products and marketing adaptation.



Application of **Theory: Dove Case**

The case of Dove marketing strategy shows the practical implementation of the multi-domestic strategy by Unilever. The marketing messages are varied in the different regions in order to show the cultural values and expectations of the consumers (Panmore Institute, 2024).

Western Markets:

- Focus on body positivity
- Fosters self-esteem and integration.

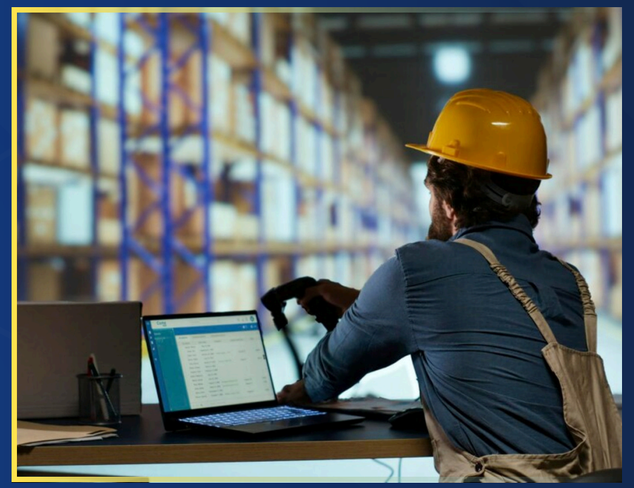
Asian Markets:

- It is based on emphasis on skin care benefits.
- Pay attention to the regional standards of beauty.

Challenges

Even though Unilever has been successful in the global context, there are various strategic challenges that Unilever encounters when dealing with different market structures. The differences in culture, regulatory diversity and high competition with local brands necessitate constant strategy restructuring (McKinsey & Company, 2023).





Major Challenges

- Consumer behaviour, cultural differences.
- Local FMCG brands competition.
- Uncrystallized world control.

Opportunities and **Recommendations**





In order to remain on the top of the global leadership scale, Unilever needs to further adjust its approach to the new global trends, including the digitalisation and sustainability. These areas may be strategic investments that contribute to a better competitive advantage in the long term (Deloitte, 2023).

Opportunities:

- Growth in emerging markets
- Expansion of e-commerce
- Increasing demand of sustainable products.

Recommendations:

- Forge and strengthen ties with regional firms.
- Make an investment in AI-based marketing and the digital environment.
- Improve sustainability branding.
- Pursue further product localisation.



Conclusion

To sum up, the success of Unilever globally is much conditioned by the competence to combine global integration with local responsiveness. Multi-domestic strategy enables the company to suit products and marketing strategies to various markets and still achieve operational efficiency (Bartlett and Ghoshal, 1989). Nevertheless, the competitiveness in the future will be determined by the effectiveness with which the company incorporates sustainability, digital transformation and cultural adaptability.

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