

Module Code and Name: LCBB6004 – Strategic Management & Sustainability

Lecturer Name: Dr Hossein Shokri

Student Name:Luiza Lisac

Student ID:2030081

UNILEVER PLC.'S SUSTAINABLE GROWTH AND COMPETITIVE ADVANTAGE

Executive Summary

The report hereby explores Unilever Plc.'s strategic directions, sustainability practices and competitive advantages in the global consumer goods market. It shows the leading sustainability practices that Unilever has integrated into its operations. These include the strategies for future growth, such as market expansion, product innovation, and strategic partnerships. Finally, the report suggests ways through which Unilever can improve its sustainability practices, such as incorporating a circular economy, setting up carbon neutrality plans, and increasing its stakeholder engagement. The implementation of these measures will help Unilever to become the leader in the global market and contribute to the global sustainability initiatives.

Table of Contents

Introduction.....	4
Key Business and Corporate Strategies of Unilever Plc.....	4
SWOT Analysis.....	5
PESTLE Analysis.....	6
Industry Five Forces Analysis.....	7
Identifying Resources and Capabilities of Unilever Plc.....	8
Evaluation of Unilever Plc.'s Strategy Implementation and Competitive Advantages.....	9
Eco-Friendly Business Practises: Unilever Plc.'s Use of Environmental Awareness to Gain Market Share.....	11
Strategic Choices for Unilever.....	11
Recommendations.....	12
Conclusion.....	12
Reference List.....	13

Introduction

Unilever Plc. is a world-class consumer goods giant operating within a dynamic market environment and sustainability demands. Sustaining its competitive advantage involves evaluating its strategic choices and sustainability integration.

Key Business and Corporate Strategies of Unilever Plc.

As stated by Blythe and Megicks (2018), Unilever Plc. has formulated a set of strong business and corporate strategies that have immensely contributed to its perpetuating success and market leadership. A careful investigation of the company's operations and industry characteristics proves that Unilever has implemented various strategies to remain competitive and ensure continuous growth.

Product Diversification and Innovation: Product diversification and innovation is what the foundation of Unilever business strategy rests on. The company has always expanded their line of products to include different varieties of goods, like food, beverages, personal care and home care commodities. Using the Ansoff matrix, Unilever has adopted both product development and market development strategies in order to introduce new product offerings and penetrate new markets to stay ahead of evolving consumer tastes and unexplored market segments (Grant, 2016). Unilever has focused on diversification and innovation and this has helped the company to overcome potential risks arising from market fluctuations.

Brand Building and Marketing Excellence: Unilever's corporate strategy includes its firm dedication to the brand, marketing and excellence aspects. This company has made a deliberate effort in creating durable, well-known brands that speak to people all over the globe. As per the view of Johnson, Whittington and Scholes (2017), Unilever has been able to create the strongest brand through careful brand management and strategic marketing campaigns, making it a preferred brand of choice. Using the tenets of the Brand Equity Model and the Brand Resonance Model, Unilever has worked hard towards building a high degree of brand loyalty, generating meaningful brand experiences, and forging intimate

connections with its various customers. Therefore, brand building and marketing excellence as the strategic emphasis has allowed Unilever to maintain competitive edge and increase market share within tough competition.

Sustainable and Responsible Business Practices: According to Kotler and Keller (2016), one of the pillars that support Unilever's corporate strategy is its commitment to sustainability and responsible business operations. Sustainability and corporate social responsibility have been proactively adopted by the company aligning its business operations with the UN's Sustainable Development Goals. Unilever has introduced the sustainable living plan and the sustainable development model which are the part and package of environmental stewardship, social impact, and ethics (Barney and Hesterly, 2016). Unilever has not only branded its green and pleasant image but also demonstrated its good citizenship in society by championing sustainability across its value chain from sourcing raw materials to reducing its environmental footprint. Unilever Plc. exhibits a forward looking business strategy that is centred on innovation, brand equity and sustainability, thus setting the company apart from its competitors in the consumer goods industry with a view to maintaining growth and success (Rugman and Collinson, 2018).

SWOT Analysis

Strengths	Weaknesses
• Broad range of products offered • Global brand recognition; • Sustainability commitment • Sturdy distribution system (Kotler and Armstrong, 2017)	• Sensitivity to changes in commodity prices • Effects of recessions in the economy • An excessive reliance on developed markets • Vigorous rivalry within the FMCG industry
Opportunities	Threats
• Growing demand for sustainable products • Buying up niche businesses • Entering expanding markets • Production technology developments	• Increased competitiveness; macroeconomic and geopolitical considerations • Changing consumer preferences

Table 1: SWOT Analysis of Unilever

(Created by Author)

Analysis: The varied product offering, extensive distribution network, dedication to sustainability, and strong worldwide brand presence of Unilever Plc. are just a few of the company's advantages. Nonetheless, the business is susceptible to changes in the price of commodities, recessions, and fierce rivalry within the FMCG industry. According to Hill, Hult and Schuler (2017), opportunities include entering developing countries, meeting the growing demand for sustainable goods, purchasing niche brands, and embracing technology improvements are just a few that Unilever may take advantage of. Threats to it, however, include increased competition, regulatory scrutiny about sustainability, macroeconomic and geopolitical unpredictability, and changing consumer tastes.

PESTLE Analysis

Political	Economic	Social	Technological
1. The results of trade laws and regulations 2. Instability on the political scene in some areas	1. Variations in consumer purchasing patterns (Cravens and Piercy, 2017) 2. Changes in currency exchange rates	1. Demand for environmentally friendly and sustainable products 2. A move towards items that are health-conscious	1. Using cutting-edge production technology (Hitt, Ireland and Hoskisson, 2016) 2. Including a digital marketing plan
Environmental		Legal	
1. Need to reduce environmental impact 2. Transition towards sustainable sourcing (Thompson <i>et al.</i> , 2015)		1. Adherence to labour laws and ethical practises (Dess <i>et al.</i> , 2018) 2. Compliance with standards regarding product safety	

Table 2: PESTLE Analysis of Unilever

(Created by Author)

Analysis: Unilever Plc. manoeuvres in a variety of geopolitical landscapes, adjusting to shifts in trade regulations and political unrest. Its multi-country activities are impacted by currency changes, necessitating adaptable pricing tactics. As per the view of Barney (2014), Unilever uses cutting-edge technology and digital marketing to match products with health trends in response to the growing demand for sustainability. Adhering to labour and product safety regulations guarantees moral business practises worldwide.

Industry Five Forces Analysis

Unilever Plc.'s operations in the fast-moving consumer goods sector are affected by several forces, which determine the competitive landscape and industry dynamics.

Threat of New Entrants (Moderate): The consumer goods market poses a moderate threat of new entrants to Unilever. As stated by Kotler, Kartajaya and Setiawan (2017), the industry necessitates considerable starting capital and a solid distribution platform but a moderate entry barrier prompts the company to innovate and upgrade its products.

Bargaining Power of Suppliers (Moderate to High): The bargaining power exercised by Unilever's suppliers could be characterised as moderate to high. The company utilises different raw materials and resources for its various product lines. Therefore, fluctuations in commodity prices and disruptions in the supply chain can affect its production costs and profitability.

Bargaining Power of Buyers (High): Buyers' bargaining power in this industry is high, arising from the availability of many alternative brands and products (Thompson, 2017). Thus, Unilever must persist in innovating and differentiating its offerings to remain relevant to consumers and retain market share in the face of competition.

Threat of Substitutes (High): Unilever faces a significant threat of substitution as it deals with an ever-increasing number of new and innovative products from established rivals and new niche brands. Unilever has to be on guard and anticipate consumer tastes as the industry changes constantly. This involves quick adjustments to the product portfolio to fit the shifting market demands.

Intensity of Competitive Rivalry (High): As stated by Hasan (2015), Unilever conducts its operations in an industry with intense competitive rivalry. Unilever faces stiff competition globally and locally from a number of companies fighting for a market share and consumer

attention. Competition has thus created the need for Unilever to always innovate, put more money into marketing, and create better brand differentiation to maintain its market presence.

Identifying Resources and Capabilities of Unilever Plc.

As stated by Cheng (2021), as a major participant in the global consumer products sector, Unilever Plc. has a wide range of resources and competencies that support its ongoing competitive advantage and market dominance. The following resources and competences, which highlight Unilever's fundamental strengths and unique competencies, have been found after a thorough analysis of the company's operations and strategic initiatives:

Material Resources: Among Unilever's many physical resources are cutting-edge production plants, a strong distribution system, and an international supply chain framework. Because of its production facilities' cutting-edge technology and strict adherence to quality standards, Unilever is able to guarantee the dependability and consistency of its goods. Its effective distribution network also makes its products widely accessible, guaranteeing a robust market presence across a variety (Hitt, Ireland and Hoskisson, 2016).

Financial Resources: The corporation has the resources to spend in R&D, innovation, and strategic acquisitions because to Unilever's robust financial position. Because of its strong financial position, the firm is able to spend for the long term in product development, marketing campaigns, and sustainable practises, which raises its brand awareness and competitiveness in the market.

Human Resources: The staff of Unilever is a significant human capital asset because of its wide range of talents, depth of knowledge, and dedication to innovation. As stated by Rugman and Collinson (2018), the knowledgeable staff members of the organisation, such as supply chain specialists, product developers, marketers, and researchers, support Unilever's ongoing innovation and strategic flexibility. Moreover, Unilever cultivates a culture that values inclusion, diversity, and employee growth, resulting in a cohesive and dynamic workforce dedicated to advancing the company's strategic goals.

Brand Equity and Reputation: High brand equity and a solid reputation are two important intangible assets that support Unilever's market dominance and devoted customer base. The company's well-known brands, such as Lipton, Axe, and Dove, are well-known and trusted by people all over the world (Cravens and Piercy, 2017). In an increasingly conscious consumer market, Unilever's unwavering focus on sustainability, moral corporate conduct, and social responsibility has strengthened its brand name and encouraged customer trust and loyalty.

Capabilities for Research and Development: Because of its strong R&D departments, Unilever is able to consistently innovate and launch new, cutting-edge goods that meet changing customer demands. In order to predict consumer trends, create sustainable product formulations, and improve product functioning and efficacy, the company's committed research and development teams take use of market insights and technical breakthroughs. This strengthens Unilever's competitive position within (Dess *et al.*, 2018).

Supply Chain Management Expertise: Unilever's proficient knowledge of supply chain management allows the organisation's procurement, production, and distribution procedures to be optimised. In addition to ensuring cost effectiveness and operational resilience, the company's strategic focus on environmentally friendly purchasing practises, inventory control, and logistics optimisation also makes it easier for products to be delivered on time to a variety of international markets, improving Unilever's responsiveness to the market and customer satisfaction.

Examining the Competitive Advantage of Unilever: According to Kotler, Kartajaya and Setiawan (2017), Unilever's ability to maintain a competitive edge in the consumer products business has been largely attributed to its vast resources and skills. Because of its great brand equity, strong R&D skills, and effective supply chain management knowledge, Unilever has been able to consistently innovate, produce high-quality goods, and retain a strong market presence in the face of fierce industry rivalry.

Evaluation of Unilever Plc.'s Strategy Implementation and Competitive Advantages

10

As a major participant in the global consumer products market, Unilever Plc. has proven to be adept at putting its chosen corporate and business strategies into practise, strengthening its position as a leader in the market and giving it a clear edge over competitors. As stated by Cravens and Piercy (2017), the efficacy of Unilever's strategy execution and the ensuing competitive advantages are highlighted in the following evaluation, which is based on a detailed analysis of the company's objectives and market performance:

Product Innovation and Portfolio Diversification: Unilever has successfully responded to changing customer expectations and preferences by placing a constant emphasis on these two areas. Together with smart acquisitions and brand expansions, the launch of fresh, cutting-edge goods has increased Unilever's competitiveness in the market and given it access to new customer groups (Rugman and Collinson, 2018). The company's consistent revenue growth, increased market share, and growing client base across many consumer goods categories are all indications of its success.

Positioning in the market and brand equity: Strong brand equity and well-thought-out market positioning have helped Unilever weather fierce industry rivalry and keep a strong market presence. According to Johnson, Whittington and Scholes (2017), customers have responded favourably to the company's recognisable trademarks and potent marketing initiatives, which have increased brand loyalty and confidence. As a result of Unilever's ongoing efforts to provide meaningful brand experiences and establish brand equity, the company has seen improvements in consumer engagement, brand exposure, and competitive advantage over its competitors.

Sustainability and Responsible Business Practices: In addition to enhancing its corporate brand, Unilever's steadfast dedication to sustainability and ethical business practises has helped it stand out from rivals in the sector. With the introduction of ethical supply chain management, eco-friendly packaging, and sustainable sourcing programmes, Unilever has established itself as a leader in the field of social responsibility for business (Grant, 2016). A growing number of environmentally concerned consumers have responded favourably to this

dedication, which has improved brand loyalty, improved customer perception, and given the company a clear competitive edge.

International Expansion and Marketplace Penetration: Unilever has been able to create a strong international presence and take advantage of a variety of market possibilities globally because to its strategic focus on these two areas. As stated by Blythe and Megicks (2018), Unilever's competitive position has been strengthened internationally and its market reach has been helped by the effective execution of mergers, acquisitions, and strategic partnerships in conjunction with a strong distribution network. The company's consistent revenue growth in new areas, increased brand awareness, and tenacious worldwide market share in the face of intense competition are all indicators of its achievement.

Customer-First Strategy and Enhanced Operational Effectiveness: Effectively meeting consumer wants and preferences has been made possible by Unilever's customer-centric strategy and efficient operations. Customer relationship management methods, effective supply chain management, and productive manufacturing processes have all contributed to Unilever's ability to provide customers with high-quality goods in a timely and effective manner (Rugman and Collinson, 2018). This has increased brand loyalty, increased consumer happiness, and created a clear competitive advantage based on market research.

Eco-Friendly Business Practises: Unilever Plc.'s Use of Environmental Awareness to Gain Market Share

By incorporating sustainability into its competitive strategy, Unilever Plc. has improved its standing in the market and reputation as a brand. The firm has promoted environmental stewardship and guaranteed product quality by placing a strong emphasis on sustainable sourcing and supply chain practises. Consumers that care about the environment have responded favourably to eco-friendly product innovation and packaging, increasing brand loyalty. Unilever has demonstrated its dedication to environmental conservation while reducing operating costs by integrating renewable energy sources and reducing carbon emissions (Kotler and Keller, 2016). In addition to setting Unilever apart from rivals and

drawing in customers who value sustainable and ethical business practises, the company's position as a responsible corporate organisation has been further cemented by its active community participation and ethical business practises.

Strategic Choices for Unilever

Emerging Markets: Unilever may enter untapped emerging markets by utilising its strong brand equity and operational know-how, which will promote organic development and diversify its sources of income.

Innovation and Diversification: As per the view of Hitt, Ireland and Hoskisson (2016), make R&D investments and prioritise environmentally sustainable solutions.

Acquisitions and collaborations: In order to strengthen its competitive position, promote innovation, and broaden its range of products, Unilever may consider making strategic collaborations and acquisitions.

Recommendations

Circular Economy Integration: To save resources and improve brand trust, put recycling programmes and sustainable waste management into place.

Carbon Neutrality and Emission Reduction: To lower operating expenses and strengthen environmental commitment, set carbon neutrality targets and invest in renewable energy (Dess *et al.*, 2018).

Stakeholder Engagement and Transparency: Share information about sustainability initiatives to foster long-term brand loyalty and customer trust, which will bolster Unilever's competitive edge.

Conclusion

In summary, Unilever's sustainable practices inform its strategic choices and set the firm up for long-term success. Unilever can firmly establish its market dominance and make a major contribution to international environmental initiatives by further embracing sustainability.

Reference List

Barney, J. B., 2014. *Gaining and sustaining competitive advantage* (4th ed.). Pearson.

Barney, J. B., and Hesterly, W. S., 2016. *Strategic management and competitive advantage: Concepts and cases*. Pearson.

Blythe, J., and Megicks, P., 2018. *Marketing planning: Strategy, environment and context*. SAGE Publications Limited.

Cheng, Y., 2021, February. Analysis on the Opportunities and Challenges of Unilever's Differentiated Competition by Using SWOT and PEST. In *6th International Conference on Economics, Management, Law and Education (EMLE 2020)* (pp. 280-284). Atlantis Press.

Cravens, D. W., and Piercy, N. F., 2017. *Strategic marketing* (11th ed.). McGraw-Hill Education.

Dess, G. G., Lumpkin, G. T., Eisner, A. B., and McNamara, G., 2018. *Strategic management: Creating competitive advantages* (8th ed.). McGraw-Hill Education.

Grant, R. M., 2016. *Contemporary strategy analysis: Text and cases edition*. John Wiley and Sons.

Hasan, M.M., 2015. *Marketing Analysis of Unilever*.

Hill, C. W. L., Hult, G. T. M., and Schuler, R. S., 2017. *Global business today*. McGraw-Hill Education.

Hitt, M. A., Ireland, R. D., and Hoskisson, R. E., 2016. *Strategic management: Concepts and cases: Competitiveness and globalization* (12th ed.). Cengage Learning.

Johnson, G., Whittington, R., and Scholes, K., 2017. *Exploring strategy: Text and cases*. Pearson.

Kotler, P., and Armstrong, G., 2017. *Principles of marketing (17th ed.)*. Pearson.

Kotler, P., and Keller, K. L., 2016. *Marketing management (15th ed.)*. Pearson.

Kotler, P., Kartajaya, H., and Setiawan, I., 2017. *Marketing 4.0: Moving from traditional to digital*. John Wiley & Sons.

Rugman, A. M., and Collinson, S., 2018. *International business (7th ed.)*. Pearson.

Thompson, A. A., Peteraf, M. A., Gamble, J. E., and Strickland III, A. J., 2015. *Crafting & executing strategy: The quest for competitive advantage: Concepts and cases*. McGraw-Hill Education.

Thompson, J. L., 2017. *Strategic management: Awareness and change*. Cengage Learning.