

Social cultural case study example

Business, Company



Business

Given Unilever's geographic and category portfolio what are the megatrends Unilever should capitalize on and manage in seeking to attain their €80 billion sales target?

Unilever was founded or started by the lever brothers who saw the need to meet the unfulfilled needs in the society such as hygiene and cleanliness through provision lifebuoy soap. The company would later merge with margarine, Unie, and Union to produce more than a third of the world's commercial oils and fats. In addition, it covered a wide geographical area than any other company worldwide. As time progressed, the company has diversified in terms of its geographical and product portfolio. Europe, for instance, accounted for 67% of the sales, USA 10% and the remaining percentage from the rest of the world. To that effect, margarine, oils, soap and detergents, foods accounted for over 20% of the sales. Other products that contributed to the rest of the sales were personal effects such as toothpastes, animal feeds, packaging among others. Though Unilever continued to have a wide geographical coverage as time went on, the formation of the European Economic Community presented it with a new challenge and the company had to, therefore, reconsider its food business. Through research work conducted by the company, the consumers in this European market were willing to pay for branded products that were of good quality. The company, therefore, established that ice-cream would fill such as a role. The company's activities were further enhanced by the removal of tariffs restrictions giving it an opportunity to seek production in low-cost areas.

Given, therefore, the current geographical and category portfolio, the \$80 billion sales target is realistic but on certain conditions. Such conditions will involve altering some of the company's strategy, product categories among others. The company will have to come up with a new vision. To do this, a change of management is inevitable, so that the new CEO can bring a change of leadership style that will foster sales. The company should, therefore, capitalize on implementing the new vision as outlined by the CEO, Polman. The vision underlines what the company intends to do and achieve daily. This includes creating a better future every day, making people happy and good by providing them with products and goods that are good for them and others. In addition, the company seeks to follow up and do small things that will cumulatively in the end bring about a big difference. In addition, the company will have to come up with new ways of conducting its business so that it can double its size and concurrently reduce the environmental effects. Environmental effects carry along a social cost to the company and reducing it would help the company reduce its overall costs thus realizing higher positive margins such as profit.

With the new vision, growth and winning will be given the priorities. This will, therefore, require drafting a strategy to be known as the compass strategy. The compass strategy will involve outlining the company's vision, behaviors, priorities and how the company intends to win. Thus, the compass strategy will give the company direction as to where the company will prioritize such as sales and also means of winning such as leading the market development. However, sticking to the strategy over duration of time without an assessment will not be enough to achieve the intended results. As

in the project, revision of the strategy will be important since times change rapidly giving rise to new challenges. As such, it will be important to review the strategy and stress out four main points that include winning with brands and innovation, market place, continuous improvement and people. This will involve acquiring companies in then personal care products such as Tigi among others.

In addition to the compass strategy, another megatrend would involve coming up with a sustainable living plan. This plan is to complement the compass strategy and will intend to achieve several outcomes. This will include helping more than a billion people improve their health and welfare, use Unilever products and to source all of the agricultural raw materials in a sustainable manner. Reducing the environment effect as earlier seen is key, and the company will have to address four key areas. Such areas will include addressing the greenhouse gases since many of the Unilever products are applied with hot water, thus consuming a lot of energies. Moreover, there are a lot of purchases in terms of packaging materials that at least lead to high waste disposal. In essence, the living plan is to bring about a big change that will foster long-term growth. Due to this, the plan will foster growth, innovation, motivate the employees, attract retailers and also help reduce the company's costs.

Lastly, the company should seek to capitalize on the Unilever foundation to sensitize the masses about consuming its products and at the same time helping they improve their lives. The foundation will be able to enhance the company's name by fostering partnerships with welfare programs such as Unicef among others. Furthermore, through the foundation supporting local

programs and participating in disaster operations will endear the company to the masses improving the sales. This will move the company closer to its vision of hitting the \$80 billion sales target.

Moreover, in today's business setup, it is necessary to be up to date with the current technology solutions. The company will seek to enhance its technological systems that are already in place. This will involve facilitating the establishment of a global operations center to enhance sharing product and services operations. This will improve efficiency in operations, cut down on operational cost. This will be in line with the company's strategy of achieving the goal of One Unilever. Following these strategies while also receiving direction from the company's leadership will ensure achievement and success of the target sales. As such leadership will involve installing people who believe in the outlined strategies and who can influence and motivate others. This is because, implementation of the strategy is a change in itself, and people are known to be resistant to change.

The Middle East, with a focus on Turkey, is a highly developing region. As such, Turkish consumers are among the best markets that the ice-creams can find an expanding market due to an increase in the number of middle-class citizens. Using the PESTEL analytic tool, Unilever competitiveness is highly favored by various factors since they create an enabling environment.

The political factors are positive. First, turkey has seen a transition to a stable regime. As such, there are few cases of political unrest that could threaten the functioning of Unilever. Also, freedom of press that has facilitated passing of information, trade control which have put in check the smuggling

of counterfeiters, industrial regulation that encourages fair competition, import restrictions that ensure quality of goods that enter the country are of right quantity and quantity and a favorable tax regime. Turkey has had a close association with the European Union before applying to be a member. As such, the country has met the standards that have been set by the union in relation to creating a favorable and conducive business environment. As such, the firm will enjoy favorable environment that it can compete with other firms.

Economic factors are also important in determining the competitiveness of the product. Turkey is one of the rapidly developing countries in the Middle East. As such, there is a constant increase in the level of disposable income. Therefore, Turkey is a good expansion area that Unilever can take advantage. Also, the country has experienced stability in its price fluctuation, labor costs, inflation rates, interest rates, and fiscal and monetary policies. The combination of these factors has led to effective planning in both the households and the producers hence streamlining the demand and supply. Therefore, Turkey offers the products a supporting economic factor to trading.

Technological factors serve the company right. Unilever is a giant manufacturer with some of the world research and development teams that are supported by high tech technologies. As such, the firm can keep inventing new technologies that will boost its market prospects. It means that the firm has access to the latest technology due to its mega financial muscle. Therefore, it has adequate resources to dedicate research and development. In this regard, the firm has the capacity to respond to the

market dynamics in relation to changes in consumer preference and even take proactive measures that will allow the firm develop new products before the consumers' tastes and preferences change.

Turkey is one of the few Muslim dominated societies that have widely accepted western civilization. As such, the country has shunned extreme religious belief and chosen to abide by moderate regime. As a result, this has led to the country improving its education that includes both male and female learners. Consequently, through education, the firm has managed to influence on its citizen's way of life. Therefore, the consumers' attitudes towards health consciousness, product quality and customer service, imported goods and services, buying habits and emphasis on safety. The firm will benefit from these aspects since the society is gradually becoming open-minded and embracing expanded scope of life.

Legal

The European Union has stressed the fact that each member has to have an up to par legal and institutional framework for it to be admitted to be a member of the union. Therefore, for the past two decades, Turkey has been improving on its legal system to meet the high standards that have been set out by the EU. Consequently, the desire to be a member of the EU has led the country to develop various laws that are essential in supporting business. Some of the laws include discrimination laws, patents, copyright and intellectual laws, consumer protection and e-commerce laws, employment laws, data protection laws, health and safety laws. The strong law enables the firm product to fit in the market confident that it has met all

the legal requirements outlined hence gaining acceptability by the consumers. Also, this ensures that the country market is supplied with genuine products.

Environmental

The environment has been global focus. As such, Unilever will be competitive if it allocates the necessary attention to the issue of environmental conservation. These include recycling of the items that can be recyclable, effective waste management, abiding by laws regulating environmental pollution and favorable attitude towards support of renewable energy.

Porter Five forces

The PESTEL analysis has showed a high level of competitiveness. However, using the Porter five forces analysis, the company is vulnerable to various issues. The threat of substitutes is the highest headache to the firm. The reason is here are low switching costs from Unilever product to other products. Also, the Arab world is highly inclined to substitutes through using products that they have perennially known. As a result, this will create a price-performance trade off of substitute where the consumers will compare between the price of the Unilever ice creams and the products that they had used before that they obtained from herbs.

The firm is not threatened by buyer power. The reasons are that the users are not concentrated than the seller, so losing one customer will not have such an impact on the seller. In addition, there is no threat of backward integration, the firm has a strong brand identity, and the buyers buy products in retail volumes. The products are also distinct from other

suppliers, and the buyer has no bargaining leverage. Also, there is no significant threat on the firm by the power of the suppliers. Some of the reasons that support this view is there is no threat of forward integration, differentiation of inputs and supplier concentration is low among others. The threat of new entrants may not be significant, but it cannot go unnoticed. Unilever enjoys absolute cost advantages, access to inputs, proprietary learning curves, and economics of scale, brand identity, access to attribution, retaliation capabilities and proprietary products. However, there have been emerging firms that have targeted the cosmetics industry and have managed to gather significant market shares especially in developing market. Unilever products are standardized globally. However, the emerging markets have their unique needs that can only be satisfied by unique products hence creating a loophole where new entrants can penetrate the market.

The concept of competitiveness is of importance since it is not wise for anyone to invest in a market where the level of competition will jeopardize the firm ability to recover its investment and make profits unless for strategic reasons. Therefore, one will expect that investment will be done in markets where the return on capital is meeting the investor's rate of return and is sustainable both in short and long run.

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