# A Critical Assessment of Unilever's Global Strategy: Competitive Positioning, International Expansion, External Challenges, CSR Practices, and Future Recommendations

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# 1. Introduction

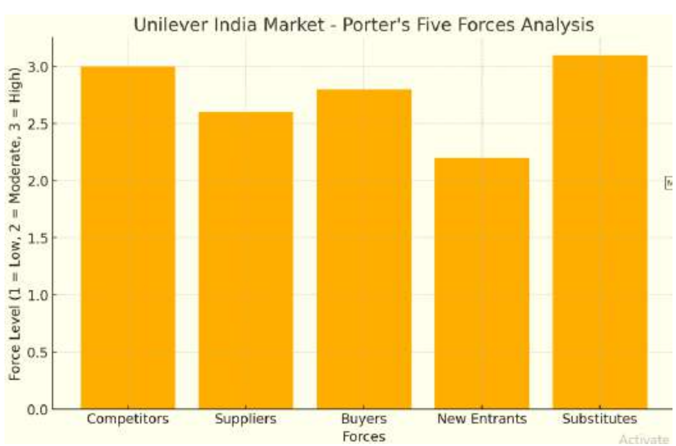
Unilever is a leading multinational corporation operating in the fast-moving consumer goods (FMCG) sector. Founded in 1929, the company produces a wide range of products including food, beverages, cleaning agents, and personal care items. In 2023, Unilever reported an annual turnover of approximately €59.6 billion. The company operates in over 190 countries, serving around 3.4 billion people every day. With a global workforce of approximately 128,000 employees, Unilever is committed to sustainability and innovation. Its diverse brand portfolio includes well-known names such as Dove, Lipton, Knorr, and Ben & Jerry’s, making it one of the most recognized FMCG brands worldwide. (Hill and Hult, 2021)

# 2. Competitive Analysis Using Porter’s Five Forces (India Market)

Unilever operates in a highly competitive environment in the India. Using Porter’s Five Forces model, this section evaluates the key factors shaping its competitive positioning in one of its strongest markets:

**Graph 1: Porter's Five Forces Analysis of Unilever in the India Market**

The graph below illustrates the force levels (High, Moderate, Low) affecting Unilever's operations in the India.



**Competitors – High**

The Indian FMCG market is highly competitive, with strong global players such as Procter & Gamble (P&G), Nestlé, Reckitt Benckiser, and Johnson & Johnson. Unilever faces intense rivalry not only from these multinational giants but also from numerous local brands that cater to the diverse consumer base in India. Additionally, private-label brands, particularly from large retailers like Big Bazaar, Reliance Fresh, and D-Mart, offer cheaper alternatives, intensifying the price competition. While brand loyalty remains significant, price sensitivity and promotional offers play a major role in attracting consumers.

**Suppliers – Moderate**

Unilever has a large and diversified supplier base that provides raw materials such as palm oil, dairy, and packaging. While Unilever's size gives it strong bargaining power, it remains dependent on sustainable sourcing, regulatory compliance, and volatile commodity prices. Environmental and social compliance expectations also increase costs and complexity. Thus, supplier power is moderate — suppliers have some influence, but Unilever manages this through long-term partnerships and vertical integration efforts.

**Buyers – High**

In India, buyers, including major retail chains such as Big Bazaar, Reliance Fresh, and D-Mart, as well as individual consumers, exert significant power in the FMCG market. Retailers demand promotional pricing, in-store visibility, and exclusive deals, as they play a crucial role in shaping consumer preferences. Indian consumers are highly price-sensitive, with an increasing focus on value for money, and are also more likely to switch to alternative brands if they offer better deals or discounts. The rapid rise of e-commerce platforms like Amazon, Flipkart, and Grofers has further empowered consumers by making it easier to compare prices and access a wide range of product options.

**New Entrants – Moderate**

The FMCG market has high entry barriers due to established brands, large capital requirements, and economies of scale. However, niche startups and private-label products do pose a threat, especially in categories like organic and sustainable products. Digital marketing and e-commerce platforms have made it easier for small brands to gain visibility. Despite this, achieving significant market penetration remains challenging for new entrants, making this force moderate.

**Substitutes – High**

Consumers in India have access to a wide variety of product substitutes, ranging from private-label brands to natural and home-made alternatives, especially in categories like personal care, food, and beverages. Price wars in the retail sector, particularly from major chains like Big Bazaar, Reliance Fresh, and D-Mart, heighten the substitution risks as consumers can easily switch to lower-priced alternatives. In segments like personal care and food products, Indian consumers are highly price-sensitive and often change brands based on promotions and discounts. . (Wheelen et al., 2018)

## Summary Table: Unilever UK – Porter's Five Forces

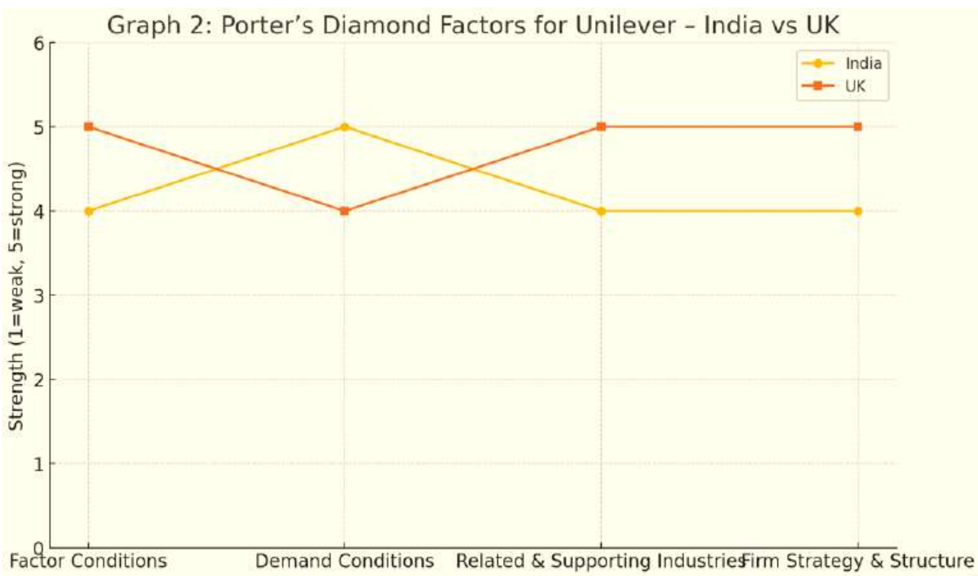
| Force | Level | Reason |
|---|---|---|
| Competitors | High | Strong global competitors, local brands, frequent price wars, constant innovation required |
| Suppliers | Moderate | Dependency on sustainable, regulated suppliers but managed by scale and relationships |
| Buyers | High | Strong retailer power, consumer price sensitivity, and brand-switching tendency |
| New Entrants | Moderate | Barriers exist, but niche players and private labels pose a growing threat |
| Substitutes | High | Abundant alternatives, including private labels and local options |

# 3. Theoretical Models Application

## 3.1 Porter’s Diamond

Porter’s Diamond model provides a framework to assess the competitive advantage of nations through four key determinants: factor conditions, demand conditions, related and supporting industries, and firm strategy, structure, and rivalry. Applying this framework to Unilever’s operations in the India and UK offers insights into how these markets foster the company’s international competitiveness. (Unilever, 2023)

**Graph 2: Porter’s Diamond Factors for Unilever – India vs. UK**




The graph above presents comparative strengths (rated on a scale of 1 to 5) across four factors in India and the UK.

**Factor Conditions** In the India, Unilever benefits from highly developed factor conditions such as advanced infrastructure, a robust logistics network, and a highly educated workforce. The presence of world-class research institutions, innovation hubs, and skilled labor facilitates the company’s focus on research and development. These factors allow Unilever to produce premium products with cutting-edge innovation, particularly in personal care and health-focused food products.

In contrast, India's factor conditions are characterized by a large, cost-effective labor force, increasing digital connectivity, and improving logistics infrastructure. While advanced R&D capabilities are not as mature as in the UK, India offers significant manufacturing advantages due to affordable labor and raw materials. Unilever capitalizes on this through Hindustan Unilever Limited (HUL), which runs extensive manufacturing facilities and supply chains optimized for India's regional diversity. (Porter, 1998)

**Demand Conditions** Demand conditions in the India are mature, with consumers prioritizing sustainability, health, and ethical considerations. British consumers demand high-quality, innovative products that align with environmental consciousness, which has led Unilever to launch eco-friendly packaging and plant-based products. UK, however, presents an evolving demand landscape. With a rapidly growing middle class, increasing disposable incomes, and urbanization, demand is varied and complex. Unilever's success in India hinges on adapting to local tastes, affordability, and creating trust in its brands. Products like Wheel detergent and Glow & Lovely cream are designed to cater to mass-market needs while also maintaining premium segments for urban consumers.

**Related and Supporting Industries** The India mature ecosystem includes established packaging companies, marketing agencies, logistics providers, and sophisticated retail infrastructure. This environment allows Unilever to seamlessly execute product launches and marketing campaigns with high precision. In India, supporting industries include a wide array of local suppliers, logistics companies, and an emerging e-commerce sector. The rise of digital commerce through platforms like Flipkart and Amazon India enables Unilever to enhance its reach across rural and urban markets, further strengthening its position.

**Firm Strategy, Structure, and Rivalry**: Unilever's strategy in India focuses on innovation, sustainability, and rural market penetration. The company faces fierce competition from both global giants like Procter & Gamble (P&G), Nestlé, and Reckitt Benckiser, as well as strong local brands like Patanjali, Dabur, and Godrej. Its organizational structure promotes decentralization, aligning with global goals while also allowing for adaptability to the local market needs. In India, competition comes from multinational corporations as well as a rising number of successful Indian brands that emphasize affordability and natural products. Unilever's strategy in India centers on aggressive rural market penetration, making its products accessible to lower-income groups while maintaining its premium offerings in urban areas. Rapid product innovation tailored to local preferences, especially in personal care and food, is key (Bartlett and Ghoshal, 1989)

**Summary Table: Porter's Diamond Analysis for Unilever**

| **Factor** | **India Strength** | **UK Strength** |
|---|---|---|
| Factor Conditions | Advanced R&D, skilled workforce, infrastructure | Cost advantages, large workforce, growing logistics |
| Demand Conditions | High consumer sophistication, sustainability focus | Diverse, price-sensitive market with mass and premium segments |
| Related & Supporting Industries | Mature packaging, logistics, retail support | Strong supplier networks, booming e-commerce sector |
| Firm Strategy & Rivalry | Focus on innovation and sustainability leadership | Focus on affordability, rural distribution, and quick innovation |

## 3.2 Bartlett & Ghoshal Framework

The Bartlett & Ghoshal framework classifies multinational companies' strategies into four categories: international, global, multidomestic, and transnational. This section evaluates Unilever's strategic positioning according to this framework. International Strategy Although Unilever predominantly operates under a transnational model, certain international strategy elements exist. The company exercises global control over core brand identities for products like Dove and Lipton. The messaging, visual identity, and overarching brand positioning are developed centrally to ensure brand consistency. These global templates are then adapted for local campaigns, retaining global brand values. Global Strategy Unilever employs a global strategy in backend operations, procurement, and product standardization for premium global brands. For example, Ben & Jerry's ice cream maintains consistent recipes, packaging, and marketing themes across markets, relying on globally recognized values of social responsibility and indulgence. Additionally, Unilever's global procurement team consolidates purchasing activities to achieve cost efficiencies, ensuring global quality and supply chain resilience. Multidomestic Strategy

Unilever exhibits multidomestic strategy traits by tailoring products, packaging, and marketing for specific local markets. In India, products such as Wheel detergent and Glow & Lovely cream address local cultural needs and price sensitivities. The company also adapts product sizes and price points to fit the purchasing behavior of different income groups. Transnational Strategy Unilever's core strategy is transnational. It combines global efficiency with local responsiveness. Global innovation hubs are responsible for R&D and product ideation, but local markets adjust formulations and marketing for cultural relevance. Knorr is a prime example: its core identity is global, yet recipes and packaging are localized to meet regional tastes and cooking traditions. (Radebaugh, Sullivan, and Daniels, 2021) The company's digital transformation strategy also reflects a transnational approach. Unilever utilizes global digital platforms for data analytics, marketing automation, and e-commerce infrastructure, while allowing local teams to customize content and customer engagement. Organizational Design and Leadership Development Unilever's organizational design supports its transnational strategy through a balance of centralized oversight and local empowerment. Local teams are granted autonomy for decision-making, enabling quick responses to market changes. Leadership development includes global rotations for future leaders, ensuring cross-cultural exposure and alignment with global strategy. Examples of Local Adaptation and Global Standardization In India, Unilever's Lifebuoy campaigns focus on hand hygiene education in rural areas, integrating social impact with brand promotion. The packaging and messaging are adapted for literacy levels and cultural norms. Conversely, in Europe, Lifebuoy maintains a premium image with marketing focused on scientific research and family care. (Porter, 1990) Balancing Global Integration and Local Responsiveness The balance between global integration and local responsiveness is at the heart of Unilever's competitive strength. The company leverages global resources, innovations, and sustainability initiatives while encouraging market-level autonomy. Strategic alignment is ensured through global governance structures, while regional leaders are empowered to make tactical decisions.

**Summary of Unilever's Position on Bartlett & Ghoshal Matrix**

Unilever's strategic operations can be effectively mapped onto the Bartlett & Ghoshal matrix, which outlines four key international strategies: international, global, multidomestic, and transnational. Each strategy type highlights different degrees of global integration and local responsiveness. Unilever's sophisticated business model showcases how a multinational company can masterfully combine these strategic approaches for optimal success. In terms of an international strategy, Unilever maintains strong global brand consistency for its flagship products, such as Dove and Lipton. These brands have a globally recognized identity that remains consistent across all markets, reinforcing Unilever's global positioning. Their messaging, quality standards, and core brand values are centrally developed and carefully managed to retain uniformity. This global coherence ensures consumer trust and recognition regardless of geography, solidifying the company's reputation and positioning on a global scale.

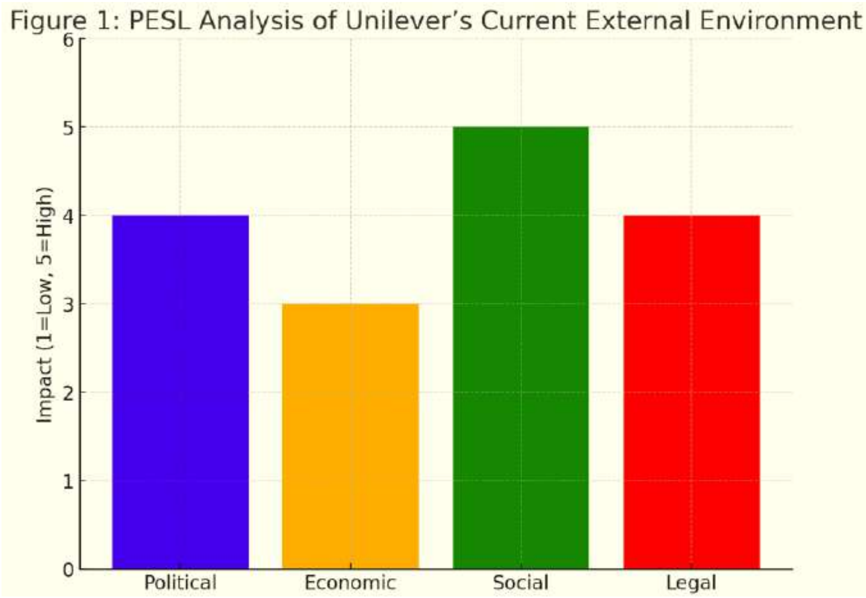
Under its global strategy, Unilever has streamlined backend operations and procurement processes to achieve efficiencies across various markets, including India. Standardized recipes and manufacturing processes for premium global products, like Ben & Jerry's ice cream and Magnum, ensure that Unilever maintains consistent quality worldwide. This uniformity allows the company to benefit from cost efficiencies and supply chain synergies, ensuring that customers in different countries, including India, enjoy the same level of product excellence.

Unilever's multidomestic strategy is prominently reflected in its adaptation of products and marketing approaches to cater to local needs in India. For example, **Wheel detergent** is specifically tailored to match local washing habits, affordability constraints, and regional preferences, making it accessible to a wide range of Indian consumers. Similarly, localized versions of **Knorr** products feature flavors and ingredients that resonate with Indian tastes, such as spices and regional variations in recipes. Unilever's ability to adapt and respond to local preferences is further evident in its personal care and food products, where cultural relevance is prioritized to drive customer loyalty. (Unilever, 2021)

## 4. Current External Environment – PESL Analysis

Unilever, as a leading multinational corporation, faces a complex external environment shaped by **political, economic, social**, and **legal** factors. These factors influence its strategies, market positioning, and overall operations. Below is an in-depth PESL analysis, which evaluates each factor's impact on Unilever's operations in various markets. (Lasserre, 2017)

**Figure 1: PESL Analysis of Unilever’s Current External Environment**




The graph above illustrates the impact of political, economic, social, and legal factors on Unilever's external environment, with ratings from 1 (low impact) to 5 (high impact).

## Political Factors (Impact: 4)

Here’s the revised version for **Unilever’s operations in India**:

**Regulatory Environment in India**

Unilever operates in a highly regulated environment in India, where political stability and government regulations play a crucial role in shaping its operations. In India, political factors such as government policies, regulatory frameworks, and trade regulations significantly impact the company’s supply chain, pricing strategies, and market entry. The Indian government imposes local content requirements, import restrictions, and varying tax regulations that can increase operational costs and affect pricing strategies. For instance, India’s Goods and Services Tax (GST) system affects the pricing structure of products, while import duties on raw materials can also impact production costs. Moreover, regulatory challenges related to environmental standards, labor laws, and product safety requirements add complexity to the business environment. Unilever must navigate these regulations while maintaining compliance with local laws, such as those governing advertising, packaging, and product claims, to avoid legal complications. Despite these challenges, Unilever continues to adapt its strategies in India, aligning with the country's economic policies and market dynamics to maintain its competitive edge. (Johnson, Scholes, and Whittington, 2020)

## Economic Factors (Impact: 3)

Economic factors like inflation, currency fluctuations, and the global economic slowdown present significant challenges to Unilever's profitability. Rising inflation rates across markets increase production costs, affecting Unilever's pricing strategies and margins. For instance, in developing economies, high inflation can cause a surge in raw material prices, which increases the cost of goods sold. (Wild and Wild, 2020)

The global economic slowdown also poses risks to Unilever. During economic downturns, consumers tend to reduce spending on non-essential items, which may affect Unilever's sales in certain segments. Unilever must, therefore, maintain cost-effective product offerings to weather economic challenges.

## Social Factors (Impact: 5)

The most significant impact on Unilever's operations comes from changing consumer preferences, sustainability expectations, and demographic shifts. Consumers are increasingly demanding sustainable and ethically sourced products, pushing Unilever to prioritize sustainability across its product lines. Unilever's commitment to reducing plastic waste and promoting environmentally friendly products (e.g., Dove's sustainability campaigns) aligns with these preferences, helping it to maintain consumer loyalty. (Danone, 2021)

Demographically, the growing middle class in emerging markets, particularly in Asia and Africa, provides a substantial opportunity for Unilever. However, this shift also creates pressure on the company to address the diverse needs of these populations through localized products. For example, in India, Unilever offers affordable products like Wheel detergent to cater to cost-sensitive consumers. (Unilever, 2020)

Social media and digital platforms also amplify consumer activism, with increasing pressure on companies to address sustainability issues and take a stand on social justice. These evolving consumer expectations require Unilever to stay agile and innovative to meet the growing demand for ethical products.

## Legal Factors (Impact: 4)

Legal factors such as data privacy laws, environmental regulations, and food and product safety compliance are critical in shaping Unilever's operations. For example, the GDPR (General Data Protection Regulation) in the EU imposes stringent requirements on how Unilever collects and handles consumer data, affecting its digital marketing efforts and consumer relationship strategies. (Collinson, Narula, and Rugman, 2020)

Unilever is subject to a variety of environmental laws and regulations in India that govern the sustainability of its products, packaging, and overall operations. In India, environmental concerns, such as waste management, water usage, and carbon emissions, have become central to regulatory frameworks. The Indian government has introduced several initiatives aimed at reducing the environmental impact of businesses, such as the Extended Producer Responsibility (EPR) for plastic waste management and stringent pollution control regulations.

## Summary Table: PESL Impact on Unilever's External Environment

| Factor | Impact | Description |
|---|---|---|
| **Political** | 4 | Brexit impact on trade, complex regulations in emerging markets, government relations critical |
| **Economic** | 3 | Inflation and currency fluctuations affecting costs and profits, global economic slowdown risks |
| **Social** | 5 | Growing demand for sustainable and ethical products, demographic shifts, social media influence |
| **Legal** | 4 | Strict data privacy laws, environmental and product safety regulations affecting operations |

This PESL analysis highlights how **political, economic, social**, and **legal** factors shape Unilever's strategic decisions in various global markets. The company must continue adapting its operations to address the evolving external environment, ensuring long-term sustainability and profitability. (Kotler, 2019)

## MNC's CSR Practices and Adherence to 17 UN SDGs

Unilever's Corporate Social Responsibility (CSR) practices are deeply integrated into its core business strategy, focusing on sustainability, ethical sourcing, and reducing environmental impact. The company adheres to several UN Sustainable Development Goals (SDGs), most notably SDG 12 (Responsible Consumption and Production) and SDG 13 (Climate Action). Through its *Unilever Compass* sustainability strategy, the company is committed to achieving net-zero emissions by 2039 and ensuring 100% of its packaging is recyclable by 2025. Unilever's efforts in promoting sustainable agriculture, reducing plastic waste, and increasing the use of renewable energy in its manufacturing processes reflect its commitment to SDGs.

In India, for example, Unilever works closely with farmers to promote sustainable farming practices for products like tea and palm oil. The company also engages in significant social initiatives, including improving hygiene through campaigns like *Lifebuoy* soap's handwashing initiatives. Through its business operations, Unilever not only supports economic development but also actively contributes to societal well-being by ensuring ethical business practices and creating positive community impacts, which are core tenets of the SDGs.

## Impacts of Emerging Trends in Technology on Unilever's Global Strategy

Emerging trends in technology significantly influence Unilever's global strategy by shaping product development, marketing, and consumer engagement. The increasing reliance on data analytics, AI, and machine learning enables the company to gain deeper insights into consumer behavior and preferences. These technologies help Unilever create more personalized product offerings, optimize supply chains, and reduce operational costs. Digital transformation is essential for Unilever to remain competitive in both developed and emerging markets, where e-commerce platforms and mobile shopping are rapidly growing.

Furthermore, technological innovations in sustainability—such as advanced recycling techniques, AI-driven packaging optimization, and renewable energy solutions—align with Unilever's commitment to reducing its environmental footprint. These technological advancements help Unilever stay ahead of regulatory pressures and consumer demand for sustainable products. In markets like India, where digital penetration is growing, Unilever leverages technology to enhance its marketing strategies, reach remote consumers, and improve supply chain efficiency, thus reinforcing its global positioning.

## 5. CSR and Adherence to UN 17 SDGs

Unilever has long been committed to sustainability in India through its Unilever Compass strategy, which focuses on creating a positive social impact while reducing its environmental footprint across the value chain. The company has set ambitious goals to address local and global environmental concerns, including a commitment to achieve net-zero emissions by 2039 and use 100% recycled plastic in its packaging by 2025. These initiatives are central to Unilever's Corporate Social Responsibility (CSR) strategy in India, which emphasizes sustainable practices, waste reduction, and environmental stewardship.

Unilever’s alignment with the UN 17 Sustainable Development Goals (SDGs) is particularly evident in its contributions to SDG 12: Responsible Consumption and Production and SDG 13: Climate Action. Through SDG 12, Unilever actively promotes responsible production practices, such as sustainable sourcing of raw materials like palm oil, tea, and other agricultural products sourced from India, ensuring that suppliers adhere to ethical and environmental standards. The company also works to minimize waste generation and improve resource efficiency in its Indian operations, encouraging consumers to adopt sustainable living by offering eco-friendly products. In support of SDG 13, Unilever is making significant strides to reduce greenhouse gas emissions in India by promoting renewable energy sources in its manufacturing processes and implementing climate-conscious practices. These initiatives not only contribute to India's climate action goals but also align with global sustainability targets. Unilever’s commitment to the SDGs in India reflects its dedication to achieving both environmental and social objectives, while simultaneously fostering long-term business growth and creating positive impacts within the communities it serves.

## 6. Recommendations

To enhance its competitive advantage and performance in India, Unilever should focus on several key strategies that align with both local market demands and global trends. First, the company should accelerate its digital transformation efforts by incorporating artificial intelligence (AI) and data analytics into its consumer insights strategies. Leveraging AI will enable Unilever to gain a deeper understanding of consumer preferences in India's diverse and price-sensitive market, identify emerging trends more quickly, and optimize its product offerings and marketing campaigns to cater to local needs. This will allow Unilever to make more informed decisions, personalize consumer experiences, and drive growth in both urban and rural markets across India.

Additionally, Unilever should invest further in circular economy models to strengthen its leadership in sustainability in India. Expanding initiatives like using recycled materials in packaging, reducing waste, and improving the sustainability of its supply chain will help the company reduce its environmental impact in the Indian context. India's growing consumer base is increasingly concerned with environmental sustainability, and by aligning with the country's green initiatives and the global sustainability goals, Unilever can reinforce its position as a leader in eco-friendly business practices. This will drive consumer loyalty, especially in India's emerging middle class, while contributing to a healthier planet.

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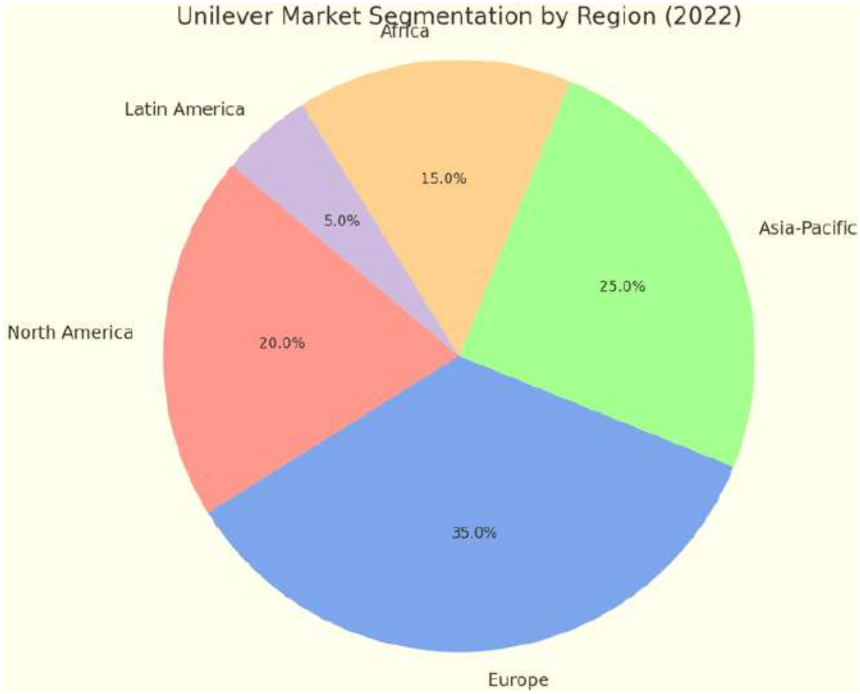
# Appendix

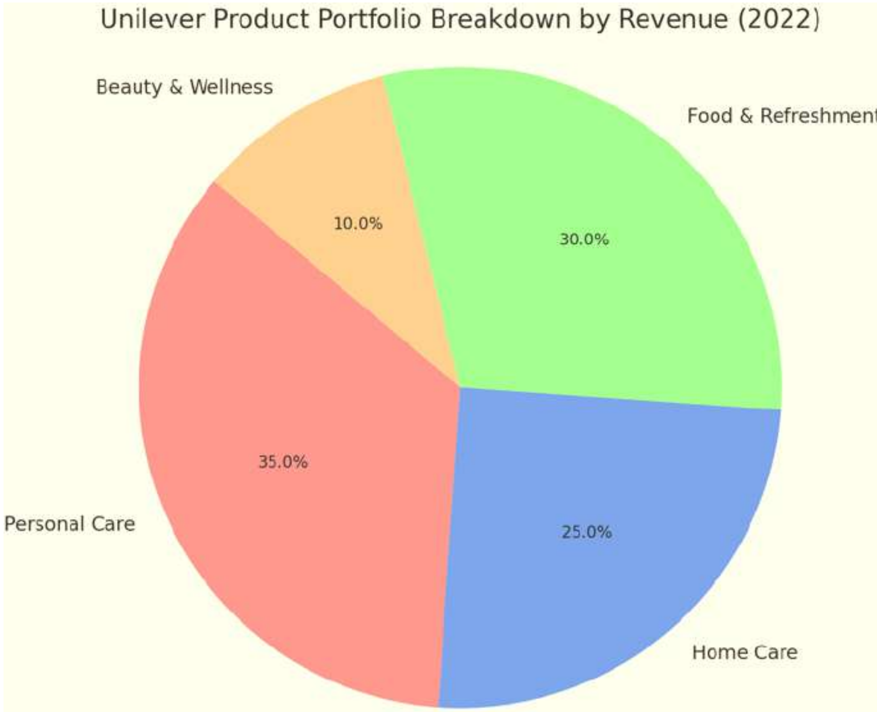
### Appendix A: Financial Data Snapshot

| Year | Revenue (€ Billion) | Operating Profit (€ Billion) | Net Income (€ Billion) |
|---|---|---|---|
| 2020 | 52.4 | 8.6 | 6.0 |
| 2021 | 58.3 | 9.0 | 6.5 |
| 2022 | 59.6 | 9.5 | 6.8 |

**Appendix B: Market Segmentation for Unilever**




**Appendix C: Product Portfolio Breakdown**


Unilever Product Portfolio Breakdown by Revenue (2022)
Beauty & Wellness
Food & Refreshment
10.0%
30.0%
35.0%
Personal Care
25.0%
Home Care