Unilever’s Sustainable Living Strategy: Performance, Pressure, and the Next Move

Module code: MAN7131

Module title: International Strategic Management

Module Leader: Dr Julie Bower

Introduction

- Unilever’s USLP aimed to decouple growth from environmental footprint and boost positive social impact through measurable targets (Baragiola, 2022).
- Strategic evolution to Compass and GAP emphasises performance-led sustainability and agility in execution, ensuring growth while meeting ESG commitments.
- 2024 milestones include the Ice Cream business demerger, a CEO change, and a renewed portfolio focus on high-growth, high-margin categories.
- Approach: Use PESTEL for macro context, Porter’s Five Forces for industry competition, VRIO and Value Chain for internal capabilities, SWOT/TOWS for synthesis, SAFe for option evaluation, and CAGE for global context.

Company Overview and Strategy

- Revenue of €60.8bn in 2024, with underlying sales growth of 4.2% and volume growth of 2.9% (Statista, 2024).
- Power Brands contribute over 75% of turnover, growing at a faster 5.3% rate, underlining brand leadership (Unilever, 2025).
- Workforce of ~127,000 employees in over 190 countries, reflecting global reach and cultural diversity (Davis, 2023).
- Post-demerger structure focuses on Beauty & Wellbeing, Personal Care, Home Care, and Nutrition.
- Mission: “Make sustainable living commonplace” – embedding purpose and responsibility across all brands.

Metric	Value
Revenue	€60.8bn
Underlying Sales Growth	4.2%
Volume Growth	2.9%
Power Brands Share of Turnover	>75%
Power Brands Growth Rate	5.3%
Workforce	~127,000 employees
Countries of Operation	190+
Core Divisions Post-Demerger	Beauty & Wellbeing, Personal Care, Home Care, Nutrition

- Compass + GAP: Prioritising brand superiority, innovation pipeline, and productivity efficiency.
- Ice Cream divestment to unlock capital and focus on core high-growth categories.
- Strong push into emerging markets, premiumisation, and e-commerce.
- ESG integration in climate action, plastics reduction, regenerative agriculture, and improving livelihoods.

External Analysis (PESTLE)

- Political: Rising ESG and supply chain due diligence regulations; trade barriers in certain markets. Impact sourcing and compliance costs.
- Economic: Global inflationary pressures, currency volatility, and premiumisation trends in FMCG sectors.
- Social: Increasing demand for ethical, traceable products; cultural diversity influences product innovation and marketing.

- Technological: AI in demand forecasting; e-commerce acceleration; automation in manufacturing to boost efficiency.
- Environmental: Water scarcity; climate change mitigation strategies are vital for long-term sourcing security.
- Legal: Stricter labelling laws, marketing restrictions, and IP protection drive compliance investments (P. Jeya Sheela et al., 2025).

External Analysis (Porter's Five Forces)

- Rivalry: Intense – competition from P&G, Nestlé, L'Oréal, and agile local players.
- Buyer Power: High – concentrated retailers (Walmart, Tesco, Amazon) exert pricing and shelf-space pressure.
- Supplier Power: Moderate – mitigated by long-term contracts and vertical integration in key categories.
- Threat of Substitutes: Moderate – private labels and niche DTC brands are growing in appeal.
- Threat of New Entrants: Low to moderate – high capital requirements and brand trust barriers limit scale, though digital entrants are rising.

Internal Analysis (VRIO & Value Chain)

- VRIO: Strong brand equity (Valuable, Rare, Inimitable, Organisationally embedded); global supply chain excellence; advanced innovation capabilities; recognised sustainability leadership (Morris, 2023).
- Value Chain: Efficient sourcing via sustainable partnerships; strong R&D hubs developing proprietary formulations; world-class distribution networks ensure availability and freshness.
- Weaknesses: Portfolio complexity creates operational strain; brand activism can trigger backlash in certain markets.

SWOT/TOWS

- Strengths: Global scale, diversified premium brands, strong ESG credentials, deep market penetration.

- Weaknesses: High dependence on major retailers, exposure to commodity cost volatility, and occasional reputational risks.

- Opportunities: Expanding share in emerging markets, premiumisation, direct-to-consumer growth.

- Threats: Regulatory tightening, inflationary pressures, activist scrutiny.

- Strategies: SO – expand sustainable premium offerings; ST – leverage scale to manage cost shocks; WO – streamline portfolio for efficiency; WT – enhance supply chain resilience.

Strategic Options & Recommendation (SAFe)

- Option A: Deepen sustainability-led differentiation via Compass-Plus model, building brand loyalty and long-term trust.
- Option B: Focus on portfolio simplification, margin improvement, and operational excellence to secure near-term financial performance.
- SAFe results: Option B is more feasible in the short term to stabilise profits, while Option A ensures competitive advantage in the long term.
- Recommendation: Implement Option B immediately to generate resources to fund and phase in Option A.

Global/International & Conclusion

- CAGE:

  Cultural – tailor offerings to local preferences

  Administrative – navigate varied regulations

  Geographic – optimise logistics for cost and sustainability

  Economic – tap emerging market growth potential.
- Post-demerger agility enables targeted strategies and quicker innovation cycles.
- Conclusion: Unilever’s core purpose remains central, but execution must focus on performance and measurable results.
- Strategic priority: Combine portfolio focus with sustainable premiumisation to balance profit generation and brand purpose.

References:

Davis, R. (2023). *Managing The Employee Experience In Times Of Change*. [online] Qualtrics. Available at: https://www.qualtrics.com/blog/how-unilever-manages-ex/.

Morris, J. (2023). *Strategic Management*. [online] Available at: http://164.52.217.92:8080/jspui/bitstream/123456789/942/1/Strategic-Management-1610062284._print.pdf.

P. Jeya Sheela, Chelliah, D.A., David, S.J., J. Winfred Jebaraj, Watson, E. and Amutha M (2025). Legal landscape and a few case studies of natural products' sales in India: challenges and resolutions. *Natural Product Research*, pp.1–17. doi:https://doi.org/10.1080/14786419.2025.2475363.

Statista (2024). *Revenue of the Unilever Group worldwide 2007-2023 | Statista*. [online] Statista. Available at: https://www.statista.com/statistics/269190/global-revenue-of-the-unilever-group-since-2007/.

Unilever (2025). *Improved Performance Led by Volume Growth and Gross Margin Expansion*. [online] Unilever. Available at: https://www.unilever.com/news/press-and-media/press-releases/2025/improved-performance-led-by-volume-growth-and-gross-margin-expansion/.