



PESTLE ANALYSIS

Unilever



PESTLE Analysis - Unilever

Company Introduction



Unilever is a global consumer goods giant undergoing a significant transformation

- **Unilever is a global consumer goods giant undergoing a significant transformation.** The company is moving away from its previous "middle of the pack" performance to become a "best-in-class" performer, anchored by a refreshed purpose: "brighten everyday life for all". This new purpose emphasizes a shift back to the consumer and creating demand.
- **The company is simplifying its portfolio by focusing on 30 "power brands" and 24 key markets.** These represent the areas where Unilever sees the greatest potential for growth and return on investment. For example, Unilever plans to double down on its strong presence in India, capitalizing on its substantial economic growth potential.
- **Unilever prioritizes innovation, aiming for "multi-year scalable innovations" that drive substantial changes in its portfolio.** This shift from incremental renovations to bolder innovations is exemplified by products like "Wonderwash", a laundry detergent specifically designed for the growing consumer trend of short wash cycles.
- **Premiumisation is a core element of Unilever's strategy, aiming to elevate its brand portfolio through innovation, strategic acquisitions, and divestments.** This involves enhancing existing brands, expanding Prestige and Wellbeing offerings, and selectively rotating the portfolio towards more premium brands.
- **Unilever is embracing digital transformation, particularly in marketing and R&D.** The company is shifting to a "social-first" marketing approach, investing heavily in digital channels and leveraging AI for content creation and targeted consumer engagement.

PESTLE Analysis - Unilever

Political factors



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- **Geopolitical tensions:** Unilever acknowledges consumer backlash due to geopolitical events, as evidenced by the impact of Middle Eastern issues on sales in Indonesia.
- **Trade policies:** Potential tariffs, such as those affecting Mexico, could impact Unilever's production and supply chains, potentially requiring shifts in manufacturing locations.
- **Regulatory frameworks:** Unilever collaborates with legislators to establish suitable frameworks concerning plastics and industry-wide sustainability initiatives.
- **Political stability:** Unilever operates in numerous emerging markets, some of which may experience political instability, posing risks to business operations.

PESTLE Analysis - Unilever

Economic factors



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- **Economic growth:** Unilever leverages its presence in emerging markets with high growth potential, such as India, for volume expansion.
- **Inflation:** The company aims to mitigate material cost inflation through strategic procurement and value chain interventions.
- **Currency fluctuations:** With significant exposure to emerging markets, Unilever faces currency risks, especially with a strong US dollar, impacting hard currency profit growth.
- **Consumer spending:** Fluctuations in consumer spending, influenced by factors like inflation, impact demand for Unilever's products, particularly in premium segments.

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Social factors



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- **Changing consumer behavior:** Unilever adapts to shifts in how and where consumers shop, embracing digital commerce (d-com) and specialty channels.
- **Health & Wellness trends:** The company capitalizes on growing health and wellness consciousness by expanding its Wellbeing and Prestige brands.
- **Social media influence:** Unilever acknowledges the rising impact of social media on purchasing decisions, shifting to social-first marketing strategies to engage consumers.
- **Sustainability concerns:** Consumer awareness of sustainability issues drives Unilever's focus on environmentally friendly practices and packaging solutions.

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Technological factors



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TECHNOLOGICAL FACTORS

- **Digital innovation:** Unilever invests in digital R&D, leveraging artificial intelligence (AI) for faster product development, premium packaging, and fragrance creation.
- **E-commerce growth:** Unilever prioritizes closing the gap in d-com, adapting to the rapid expansion of online sales channels through targeted strategies.
- **Supply chain automation:** Unilever invests in automating its supply chain, aiming for increased efficiency, reduced costs, and the development of "dark factories."
- **AI-powered marketing:** Unilever recognizes the potential of AI in marketing, particularly for consistent brand management in international markets and personalized consumer engagement.

PESTLE Analysis - Unilever

Legal factors



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LEGAL FACTORS

- **Product safety regulations:** Unilever ensures compliance with varying product safety regulations across different markets, which is crucial for maintaining consumer trust and brand reputation.
- **Data privacy laws:** With increasing data-driven marketing, Unilever must navigate evolving data privacy regulations to protect consumer information and maintain ethical standards.
- **Intellectual property:** Unilever safeguards its innovations through patents and partnerships, protecting its competitive advantage in developing unique products and technologies.
- **Regulatory compliance:** The company faces legal challenges in adhering to diverse regulations, particularly regarding sustainability, labeling, and advertising across its vast global operations.

PESTLE Analysis - Unilever

Environmental factors



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ENVIRONMENTAL FACTORS

- **Climate change:** Unilever is committed to reducing its environmental footprint through various sustainability initiatives, addressing climate change concerns, and promoting responsible business practices.
- **Sustainable sourcing:** The company focuses on sustainable sourcing of raw materials, such as palm oil, balancing cost competitiveness with environmental responsibility.
- **Plastic packaging:** Unilever seeks sustainable solutions to plastic packaging, aiming to reduce waste and environmental impact through innovation and stakeholder collaboration.
- **Resource efficiency:** Unilever strives for resource efficiency in its operations, including water and energy conservation, minimizing environmental impact across its value chain.