

PESTEL ANALYSIS: A REPORT ON UNILEVER

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INTRODUCTION TO THE COMPANY

The Fast Moving Consumer Goods (FMCG) environment is rapidly changing. Especially, the increasing popularity of line extensions seems to depend on advantages inherent in brand leveraging. FMCG manufacturers go into R&D in order to come up with the product that best satisfy consumers because customers become more critical about attaching themselves to a particular brand. They will also like to buy less expensive product due to current economic tide. Unilever is one of the biggest Fast Moving Consumer Good (FMCG) companies in the world. I have always been inquisitive about Unilever's operations because I use some of its products, even right from childhood. This together with the current environmental challenges being faced by FMCG manufacturers motivated me to find out about Unilever's operations and the current challenges it faces in the volatile business environment.

Unilever was founded in 1930 through merger by the British, Lever Brother; and the Dutch, Margarine Unie; now Unilever PLC in London, U.K and Unilever N.V in Rotterdam, Netherlands respectively. In 1872 before the merger, Jurgens and Van den Bergh, the Dutch, built factory in Netherlands for the production of Margarine made from milk and fact. In 1927, they formed Margarine Unie (margarine Union) together with two European Businesses, Centre and Schicht. Lever & Co on the other hand was

founded in 1884 by British William Hesketh Lever and his brother James, and was producing soap – Sunlight soap for people in England especially for women. William Lever wrote: “to make cleanliness commonplace; to lessen work for women; to foster health and contribute to personal attractiveness, that life may be more enjoyable and rewarding for the people who use our products”. In 1890, Lever & Co become a limited company known as Lever Brothers.

Unilever, Unilever N.V and Unilever PLC comprise Unilever group . Both companies have the same directors. Its annual turnover in 2005 was €39.672 billion and employs 206,000 employees around the world.¹ Unilever brands consist of Food and Beverage, and Home and Personal Care. Some of these products are Knorr, Breyer’s and Magnum, Lipton, Omo (detergent) etc. Knorr has the biggest sales of €2.3 billion in 2005.

Though it is very difficult to get vital information as to Unilever’s managerial tactics and strategy, most of the information was gathered from the internet through companies’ websites and encyclopedia. This report takes a look at the company’s business environments, internationalization strategy, the role of the company’s subsidiaries, and its future challenges.

IMPACT OF INTERNATIONAL BUSINESS ENVIRONMENT ON UNILEVER

Every MNC is measured by the standard it set in the environment in which it operates. Unilever is not an exception. Unilever has a mission to add value to life of both its present and potential customers. Accomplishing this mission will not take place in a vacuum, but in an environment which is very turbulence.

¹ http://www.unilever.nl/Images/final%202005_Annual_Report_English_tcm20-35889.pdf

POLITICAL/LEGAL ENVIRONMENT

Unilever, as a matter of policy, set a standard as to the way of tackling political issues.

Unilever has its tactical way of handling political issues. First, in the 1960s, many countries began to nationalize foreign firms which also affected Unilever.

This was a call for local equity participation in foreign firms. Thus, so many companies were subject to local control on prices, imports, employment of expatriates and so on.

As a result of the adverse effect of nationalization policy, in the 1970, many US companies e.g. IBM and coca cola left India. There was fear by foreign companies on certain issues such as knowledge leakage, loss of trademark etc.² this was also hazardous for Unilever as its control over operation in the market was reduced. For example UAC, a subsidiary of Unilever, whose operation was in many African countries (Cameroon, Ghana, Ivory Coast, Nigeria, etc.), was focused on as its profit margin and rate of easy remittance of profit to its Anglo-Dutch parent was enormous. Nationalizing UAC hampered Unilever's control over the market where UAC operates.³

However, Unilever use its experience and goodwill to make contacts in many countries to bargain with government so as to modify their regulations.

In central and south America, Unilever only engaged in lobbying rather than active politicking. In other words, Unilever never get involved in sponsoring political parties.

² <http://www.hbs.edu/research/pdf/06-061.pdf#search=%22uaal%20meetingof%20osc%20unilevr%22>

³ <http://www.corporatewatch.org/?lid=260>

Today, Unilever has gained political ground using its tactical strategy and experience. Unilever is a member of many organizations all over the world.⁴ The aim is to create favorable business environment, and also facilitate corporate reputation management.

ECONOMIC ENVIRONMENT

Unilever market environment is becoming highly competitive especially in the Western Europe. Procter & Gamble (P&G) is one of the major competitors in the European market. More so, there are so many discounters in the European market resulting from EU free trade policy. This has had adverse effect on Unilever's profit potentials. Retailer's are pressurising FMCG producers to reduce prices of their products.⁵ Consumers on the other hand would not want to buy expensive product or brands due to current economic tide. Competition in EU has grown so strong that Unilever is facing difficulties in places like France, Netherlands.

In the developing countries and the emerging economies (Asia and Africa), where there are political instability, Unilever has adopted its company strategy to ensure that its profitability drive is sustained. Some Products are packaged in small size for low or regular income earner, for affordability.

In some developing countries, Nigeria to be precise, there was uncertainty about duties to be paid by companies due to inflation and fluctuation of currency. The effect on Unilever was a decrease in profit in 2005 compared to 2004, though there was increase in turnover. In 2004 and 2005 the profit after tax were ₦2.167 billion (naira) and ₦1.616 billion (naira) respectively, while in the turnover in 2004 and 2005 were ₦28.6

⁴ <http://www.corporatewatch.org.uk/?lid=259>

⁵ <http://www.igh.nl/level3.asp?level2id=1&id=26§or=SCM&taal=EN>

billion (naira) and ₦33.4 billion (naira) respectively, which indicates increase in turnover but decrease in profit.

Also the low per capital income of people affects Unilever's market. Over 30% of Africa population lives on less than \$1 per day.

SOCIO-CULTURAL ENVIRONMENT

Unilever has continued to maintain momentum in its socio-cultural environment in line with its sustainability drive. The company is working relentlessly to bring improve hygiene and better nutrition to people in Asia, Africa and Latin America, especially the poor and obesity.⁶ Over 30% of Africa population lives on less than \$1 per day. By this, Unilever strengthens its goodwill. However, the low literacy of consumers affects marketing vehicles such as advertisement in print media. This therefore requires employment of more resources, for instance to enhance face-to-face communication.⁷ Besides, Unilever employs about 100 nationalities. It ensures that diversity works for everybody both employees and consumer alike.⁸ In order to achieve and ensure that diversity works amongst employees, Unilever employed the strategy of *diversity toolkit*⁹ so as to manage and leverage diversity. Unilever is focused on building an inclusive culture and embracing difference, which resulted in high demand of its products in the developing and emerging markets.

TECHNOLOGICAL ENVIRONMENT

⁶ http://www.unilever.com/ourvalues/environmentandsociety/env_social_report/introduction.asp

⁷ <http://www.emeraldinsight.com/Insight/ViewContentServlet?Filename=Published/EmeraldFullTextArticle/Articles/0200220406.html>

⁸ http://www.unilever.com/ourvalues/environmentandsociety/news_speeches/speeches/understandingpeopletobuildbrands.asp

⁹ Toolkit = Training programme, guides and learning package to support wide range of diversity

Right in the 1930s, Unilever continue to diversify. Business continue to boom in the 1950s with new technology being invented to boost production and enhance quality products for consumer, competitors improving their products using new inventions. Unilever did not relent its effort in R&D. Since 2000, Unilever has been spending on IT to improve its business especially in the area of e-business so as to improve brands communication and market through internet, making transaction simple along chain. Today, Unilever is trying to minimize cost through IT efficiencies at global level. In addition, Unilever Technology Venture works in collaboration with Unilever R&D group to help Unilever meet consumers' needs. Area of concern is genomics, advanced bioscience, advanced materials science and nanotechnology. In 2003, Unilever installed and commissioned "pallet live storage system" from Bitto Storage System Ltd. This was meant to store its frozen products. The facilities include: pallet live storage systems, carton live storage systems, pallet racking, boltless shelving, plastic bins and containers, wide span and heavy load shelving, cantilever racking, and multi-tier shelving systems.¹⁰

ENVIRONMENT

In recognition of local legislation, and to keep its corporate responsibilities, Unilever designed management system. Unilever has respect for consumer health and safety. This policy is to ensure all Unilever operators establish a formal environmental management system. Training programs are being arranged in various regions/business groups to ensure compliance with the company Standard for Occupational Health and Safety Environmental Care (SHE). This framework is based on the ISO 14001 management

¹⁰ http://www.bitto.co.uk/bittoWeb/www_root/documents/2003_05_Unilever_1_1.pdf

standard.¹¹ Unilever had also worked in conjunction with government of countries of its operation as regards waste management. For instance in Ghana, 2004, over 21 tones of wastes were supplied to small and medium size recycling businesses in Accra, Ghana, by Unilever to reduce the amount of plastic waste sent to landfill¹².

INTERNATIONAL STRATEGY

Prior to the merger, in 1888, Jurgens and Van den Bergh had already entered Germany through FDI and established factories because of market prospect, before merging with two European companies, Centra and Schicht, to form 'Margarine Unie' (Margarine Union) in 1927. In the mid 1890s, Lever brother also expanded its operations to Europe, America and British colonies through FDI (established factories for soap manufacturing), and exports. These were rational decisions due to economic prospect of these areas at that time.¹³ Lever began to diversify into food business through acquisition in 1917. Margarine Unie on the other hand also grew through merger with other margarine companies. The merger in 1930 thereafter gave room for improved technology. After the merger, the first company was launched in Latin America.

Unilever international strategy is driven by competitive advantage and technology.¹⁴ Today there is a serious competition between Unilever and producers of similar products. Thus Unilever's strategy is to sell some of its business line and focus on priority portfolio. Unilever has shifted concentration to developing and emerging

¹¹http://www.unilever.com/ourvalues/environmentandsociety/env_social_report/environment/management_system.asp

¹²<http://www.unilever.com/ourvalues/environmentandsociety/casestudies/wasteandeffluent/ghanareusingwasteplasticmakejewelleryandflowerpots.asp>

¹³ <http://www.unilever.com/ourcompany/aboutunilever/history/1920s.asp>

¹⁴ Adam Smale & Tiina Jokinen: International management hand-out

markets, Africa and Asia where it has more competitive advantage.¹⁵ Besides, Unilever is back to Zambia in Africa after experiencing some set back in past years. Unilever bought 79% share of Refined Oil Product (ROP) of Zambia for US \$4.5million in its course of internationalization.¹⁶ In this regard, Unilever will provide technical and managerial training to the staff of ROP in consonant with the company's international standard.¹⁷

Since in the 1990s, Unilever has been facing competitive problem in Europe. Unilever is investing more on R&D so as to provide goods that best satisfy customers and at reasonable price. Unilever is also connecting its business unites to promote cross-border synergies. In 1999, Unilever lunched "the Heart Brand" (slightly modified 2002).¹⁸ This is a logo strategically designed to create international brand awareness and promote international synergies in manufacturing and marketing – centralization drive. This strategy is to provide recognition of Ice-cream brands and to show that other units are integral part of Unilever. Global brand can carry the same brand name and logo, but with dissimilar product standard (Mooij, 2005). Unilever has set a 5-year program since 2004 which focuses to cut 1200 underperforming brands, caused by lack of clear brand recognition in the market, so as to yield six percent of sales growth.¹⁹ Further, Unilever opened a global procurement centre in Shanghai China in 2002.²⁰ The reason is that this centre will serve as a source of raw material to Chinese companies so as to compete favorably internationally. It should be noted that since 1989 when Shanghai Van Den Bergh; a joint venture between Unilever and Shanghai Sugar, Cigarette and Wine

¹⁵ http://www.unilever.nl/Images/final%202005_Annual_Report_English_tcm20-35889.pdf

¹⁶ <http://www.zpa.org.zm/uniliver.htm>

¹⁷ <http://www.zpa.org.zm/uniliver.htm>

¹⁸ <http://en.wikipedia.org/wiki/Unilever>

¹⁹ <http://www.cosmeticsdesign-europe.com/news/ng.asp?Id=61653-lonza-frost-sullivan>

²⁰ <http://www.icmr.icfai.org/casestudies/catalogue/business%20strategy2/BSTR131.htm>

Company, was established, Unilever has expanded tremendously in China through joint venture and acquisition.²¹

UNILEVER OPERATIONS AND STRATEGY IN NIGERIA –

UNILEVER NIGERIA PLC

Lever Brother (West Africa) Ltd was incorporated in Nigeria on 11-04-1923 by Lord Lever Hulme. In 2001, the name Lever brother was changed to Unilever Nigeria PLC.

The history of Unilever international strategy in Nigeria has been a success based on its international experience. The reason is that, first; the company has a strong customer relationship, having able to study local culture and the market. Second, good quality products which meet the standard of the customers are being maintained. The company has put up a remarkable performance in the area of brand development, which has boosted the quality of life of the people. There is hardly any home in Nigeria where you do not find Unilever Products. Today Unilever has diversified in Nigeria through acquisition and Mergers.²² The result of this was Lipton Nigeria Ltd, and Cheesebrough Pond Industries Ltd. The success of Unilever in Nigeria was also facilitated by its corporate responsibilities. So many TV programs are sponsored by Unilever e.g. “one love”, “supper story”, etc. these are enlightenment programs, which keep people aware of the existence of Unilever and its products. The company has, in other words, proved its entrepreneurship by way of community assistance in area of health, education, and potable water/hygiene.

²¹ <http://www.icmr.icfai.org/casestudies/catalogue/business%20strategy2/BSTR131.htm>

²² <http://www.wizetrade.com.ng/index.cfm?newsID=45>

INTERNATIONAL ORGANIZATIONAL STRUCTURE OF UNILEVER

Today Unilever operates a dual organizational structure for easy control and to avoid complications. This dual structure is made up Unilever NV and Unilever PLC, with a unified Board structure. The unified board consists of one chairman and one group chief executive.²³ This is meant to provide transparency/accountability from a single stand point. Meanwhile, before this new hierarchical arrangement in 2005, the board structure was such that there were so many joint executive directors as well as joint executive chairman. This new arrangement gave room for single non-executive chairman and a single group chief executive. Today the structure have been adjusted in such away that personnel holding joint position are reduced. The number of executive directors have been reduce from seven (7) to four (4)²⁴ Besides, the group CEO, Patrick Cescau and a new team made up of three regional presidents drawn from Asia/Africa, Americas and Europe; two categories of presidents of Food and Home and Personal Care (HPC), the chief Financial officer, and chief Human Resources have now assumed the position of Executive committee. The former eleven business group is dissolved.²⁵ The CEO is responsible for all operations (see figure 1), while the non executive chairman is responsible for managing the boards.

Unilever, today, operates in about 100 countries around the world. These countries are in three regions of operation, Europe, Americas, and Asia/Africa. Each region is headed

²³ http://www.unilever.se/ourcompany/newsandmedia/pressreleases/pressreleases/Unilever_retains_and_strengthenens_its_dual_structure.asp

²⁴ <http://www.unilever.com/ourcompany/newsandmedia/pressreleases/2005/unileverstreamlinesitsleadershipstructure.asp>

²⁵ <http://www.unilever.com/ourcompany/newsandmedia/pressreleases/2005/unileverstreamlinesitsleadershipstructure.asp>

by a president. The structure clearly defines positions and responsibilities to ensure quick flow of information as regards decision making and implementation. In these regions of operations, most subsidiaries are fully owned by either Unilever PLC or Unilever NV (see annual report 2005). The only exception in this case are some companies in India, Nigeria, Ghana, Indonesia and some few other countries, where there are various degrees of share holdings between Unilever and local share holders. For instance Hindustan Lever in India, Unilever PLC owns 51.5%, 24.5% are owned by institutional shareholders and 24% by individual shareholders.²⁶

The product structure is divided into two the Food, and Home & Personal Care (PHC) division. This structure was designed 1999/2000 so as to focus on its core portfolio, with each category having its growth target (see figure 2). At country level, each category is headed by a managing director.²⁷ Further more, Unilever PLC London is the headquarters of Home & Personal Care division, while Unilever NV is the headquarters of the Food division.

REASON FOR THE STRUCTURE

The most important reason for the dual organizational structure of Unilever is to provide adequate focus on business portfolio in the challenging business environment, to make Unilever more competitive in the market environment and profitability. This was also ensured by reducing the number of brands to be focused on to 400 out of 1600 brands.²⁸ Second, to give room for easy allocation of assets between the two parent companies, the structure is considered to enhance effective implementation of policies to the benefit

²⁶ http://www.somo.nl/html/paginas/pdf/Company_profile_Unilever_2005_NL.pdf

²⁷ <http://www.rediff.com/money/2004/may/03hll.htm?zcc=ar>

²⁸ <http://en.wikipedia.org/wiki/Unilever>

of stakeholders. Third, the adjustment was to improve transparency and accountability in the organization.

GLOBAL AND LOCAL STRATEGY

A clear distinct of Unilever's global and local approaches in achieving its goals and objectives can not be over emphasized. In short, there is no clear cut between them. The reason is that one approach leads to another. However, one may ask, what are the factors that pushed Unilever to local or global approaches? There are some key factors that drive Unilever towards local approach. It uses divergence to tackle local dilemma.

DIVERGENCE FACTORS TO LACAL APPROACH

- 1) Unilever does not retail under its own name. It uses brand name to illustrate diversity. For instance in UK, several customers would think they have different brands of margarine to choose from; Blue Band, Stork, Summer County, Flora etc. these are products of Unilever. Unilever uses this strategy to capture and satisfy various groups of people. They can make their choice from available brands.
- 2) Another reason is that when ever Unilever modify its product, it makes sure each country retain the local brand. This is so because the company wants top keep standard built over the years. Some of these brands are: Algid, Italy; Bresler, Chile; HB, Ireland; Miko, France; GB Glace, Finland/Sweden etc. The success of Unilever locally is also buttressed by the fact that each country was allowed to choose its logo e.g. the old logo used in UK was a yellow logo with Wall's in blue print.²⁹
- 3 Unilever also has a strong relationship with customers based on the local culture and market. For example in Nigeria where there are different ethnic groups, Unilever

²⁹ <http://en.wikipedia.org/wiki/Unilever>

had built a strong relationship with customers by maintaining high standard of corporate behavior towards local employees and customers.

4) Another factor was legal factor. In the 1950s, developing countries started nationalization drive. The direction was intended to allow indigenous workers to manage foreign companies. This was in the best interest of Unilever. We should note that in the 1930s, Unilever appointed the first local managerial position in developing countries – India and China.³⁰ In the 1960s, Unilever had over 296 managers who were drawn from local countries. This drive was for local autonomy, and as such the people who know the local tradition were allowed to manage the company.

FACTORS PUSHING UNILEVR TOWARDS GLOBAL APPROACH

One of the factors that pushed Unilever toward global approach is stimulated by opportunities. This can be viewed from the company's historical antecedent. In the 1940s and 1950s, investments were booming in political safe British colonized countries. Some countries in Africa and Asia were opportunity for Unilever to invest. In recent time, 2002 to be precise, Unilever established procurement center in Shanghai China, which is a global processing centre to increase opportunities for Chinese raw material providers.³¹ This was also meant to boost Unilever global business.

Another push factor was in the area of research and development (R&D). Thus, it was a deliberate action by Unilever to develop new product and to enter new market. This is an ambitious program holding in Unilever. Through R&D, Unilever carries out environmental audits within regions of operation so as to improve on the environmental

³⁰ <http://www.hbs.edu/research/pdf/06-061.pdf#search=%22aal%20meetingof%20osc%20unilevr%22>

³¹ <http://www.icmr.icfai.org/casestudies/catalogue/business%20strategy2/BSTR131.htm>

performance in the area of cost reduction, resource allocation etc. through R&D, Unilever form synergy with Hindustan lever, India, which is one of its subsidiaries.

The third factor is to promote brand awareness and cross border synergies in manufacturing and marketing. In order to achieve this; Unilever started, in 1999 when it strategically launched the “Heart Brand” logo of ice-cream product,³² to modify its products. The reason for this is to embrace integration amongst subsidiaries to facilitate control – centralization. Furthermore, the advent of new technologies especially in the European communities appeared to have pushed Unilever globally to open new markets especially in the emerging market – Asia. It should be noted that Unilever uses global experience to satisfy local needs of consumers. This is evidence upon the provision of varieties of products for local consumers’ satisfaction.

STRATEGIC ROLES PLAYED BY UNILEVER’S SUBSIDIARIES

Unilever has numerous subsidiaries cut across the globe. Their strategic roles vary in accordance with their locations and what they do. Unilever is being operated by two parent companies, Unilever NV, Netherlands and Unilever PLC, UK – all made up Unilever group. Some of Unilever subsidiaries are established as a source of technical expertise. Take for instance Unilever UK Home and Personal Care. This subsidiary was formally known as Lever Faberge Ltd. It was established in 2001 through a merger of Elida Gaberge and Lever Brother. This company succeeded in UK through the provision of specific products. Some of these products are Lynx, Persil, Domestos, and Dove.³³ Hindustan Lever is also a source of expertise. They are into R&D with impressive abilities in the area of productive employment and adding values to agricultural

³² <http://en.wikipedia.org/wiki/Unilever>

³³ http://www.hoovers.com/unilever-cosmetics/--ID__122624--/free-co-factsheet.xhtml

produce, and research on how to sustain export performance.³⁴ Hindustan Lever helps other subsidiaries in Asia in area of brand development and innovation, R&D, Brand building and communications.³⁵ Another role of subsidiaries is sources of employment so as to benefit local economy. Unilever South East Africa, Zambia Ltd is an example. This is done through the employment of local people. Over 100 local people are employed directly and about 150 people indirectly.³⁶ Prior to the new strategy that is being implemented, “Path to Growth” strategy, every subsidiary work around decentralization framework. Product diversification and market adaptation were the keys to subsidiary success.³⁷ Subsidiary companies have autonomy to adapt products to the needs of local consumers. Products were well positioned to suit local cultures, which satisfies the needs of the consumers; putting in mind the corporate mission to add vitality to life.³⁸ Besides, social responsibilities are being embraced by showing commitment to employees, consumers, and the general environment. It should be reiterated that company’s success locally is based on the local strategy adopted. Unilever subsidiaries have a systematic way of embracing local culture, even by their promotional strategy. Unilever subsidiaries strategy is based on international experience which helped them to respond quickly to customers’ needs in order to compete favourably with competitors. This has been the basis for MNC subsidiaries, which makes no distinction, and regarding them as integral part of the full organization.

FUTURE TREND OF UNILEVER

³⁴ http://www.hll.com/mediacentre/release.asp?fl=speeches/growing_india.htm

³⁵ <http://timesofindia.indiatimes.com/articleshow/1890872.cms>

³⁶ <http://www.zpa.org.zm/uniliver.htm>

³⁷ <http://www.wizetrade.com.ng/index.cfm?newsID=45>

³⁸ <http://www.unilever.com/ourcompany/>

Unilever operates in about 100 countries around the world with number of employees up to 206000 in 2005.³⁹ Unilever is aiming at penetrating more into the Big Emerging Economies (Africa/Asia) where its business is currently better as compared to European market. The reason is that more than one third of Unilever turnover in 2005 comes from the developing and emerging economies. Though these economies have a very turbulence environment, it is very challenging for Unilever to closely monitor it and respond quickly to changes in market performance so as to safeguard business.

It is pertinent to say that today Unilever is facing competitive problem in the European market. Unilever has since initiated the “Path to Growth” strategy, which is one of the headway toward actualizing the dream of the organization. This system is designed as a key control strategy through IT. The reason for this strategy is because of the underperformance of some of Unilever’s product line especially the frozen food (non ice-cream). The strategy is to increase effectiveness, reduce cost structure improve market competitiveness.

The integration strategy – Path to Growth has challenges in the area of operation, management and structure,⁴⁰ which are outlined below:

- a) Global challenge – the operational of the strategy in the three regions where Unilever operates i.e. Americas (north and Latin America) Europe and AMET (Africa /Asia), which have been successful with their household names, since Unilever is adopting universal brand name.
- b) Varying view of region in finding solution to global challenges - how effective would they execute this strategy? The reason is that there are differences in the global environment, especially cultural background.
- c) What are the benefits and the effectiveness of this IT driven strategy?

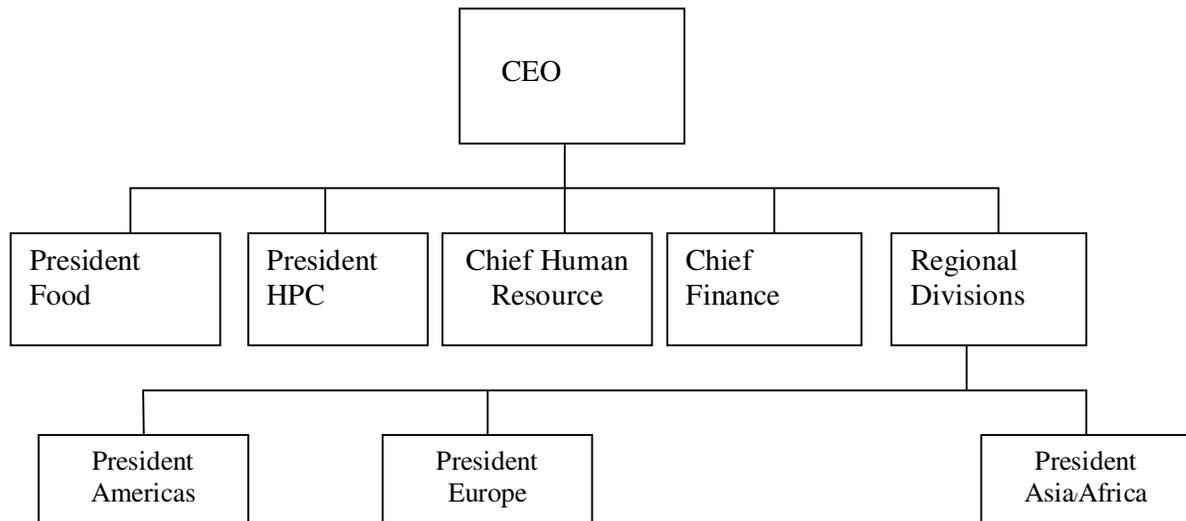
³⁹ http://www.unilever.nl/Images/final%202005_Annual_Report_English_tcm20-35889.pdf

⁴⁰ http://www.unilever.nl/Images/final%202005_Annual_Report_English_tcm20-35889.pdf

The time to actualize this transformation is challenging. Global transformation of existing structure is not easy for such company like Unilever whose operation is within diverse political, socio-cultural and economic influences.

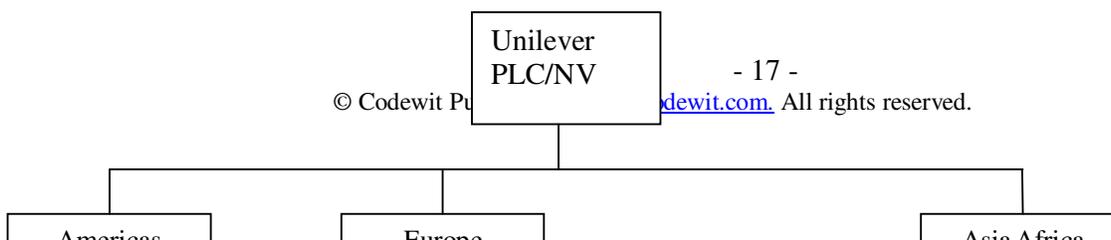
Be that as it may, it is expected that many benefits are attached to this. Some of the benefits are to improve the lives of the workers, consumers and the communities in which Unilever operates. It will also make management easier. More so, it will help provide high standard of products that can be accepted globally. Irrespective of these challenges and benefits, I will like to suggest that Unilever should not totally centralize every aspect of its business. There should be some element of decentralization to combat global environmental challenges; while, in the long-run, still maintaining global standard.

Figure 1: Unilever Executive Committee Structure



Source: Own drawing based Unilever Annual report 2005.

Figure 2: Geographical structure of Unilever

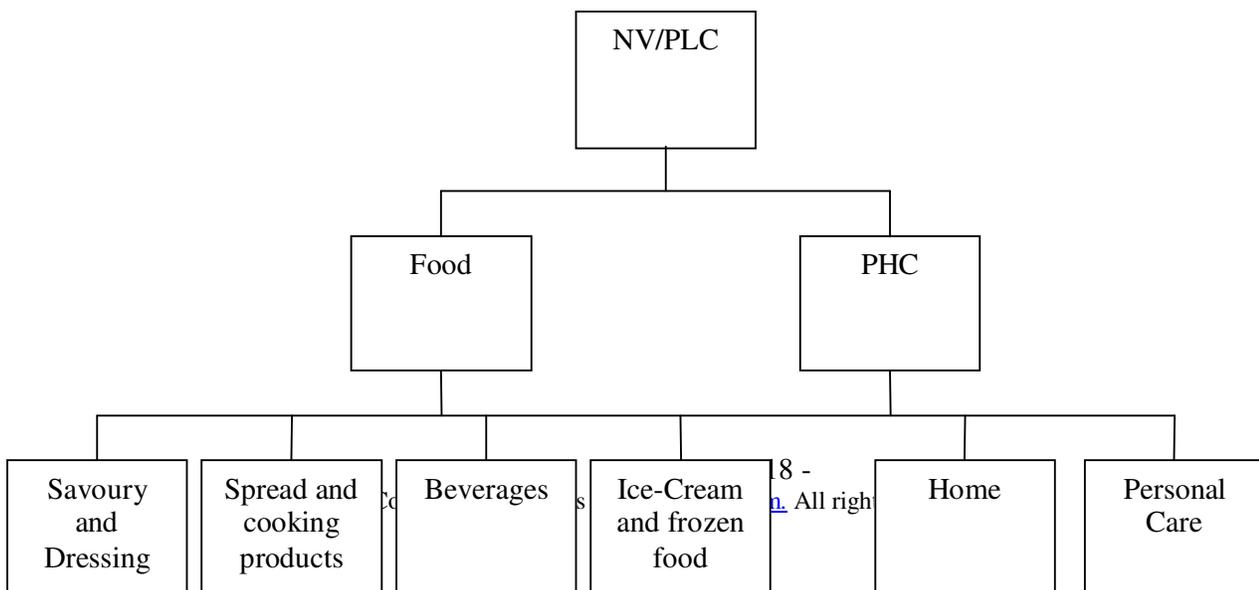


The three regions Americas, Asia/Africa, and Europe are the divisions where Unilever numerous subsidiaries are. Each region is head by a president. The regional presidents are to ensure profitability of their regions and are charged with the responsibility of implementing proven brand mixes in their regions across the two product divisions (Food, and HPC). They are to focus on customers, assume responsibility for brand development, innovation, R&D, brand positioning, communication and category strategies

At the country level, the Food, and the PHC divisions are headed each by a managing director.

Source: *Own drawing based Unilever company report and account, 2005.*

Figure 3 Unilever Brand Structure



Source: *Own drawing based Unilever company report and account, 2005.*

Note: From the food category, the dressing and savoury are snacks, salad dressing, soup, etc. some of these brands are Knorr, Amora, etc. Beverages include tea e.g. Lipton Tea. The spreads and cooking products are the margarine, e.g. Blue Band, Bece & Flora Rame etc. The Ice - cream under the Hearth brand are Birds Eye, Magnum etc. The Home category is laundry products, and washing product for plates, hand and machines. Personal care includes bathing soap, like dove; Body cream; Hair dressing cream; Oral care, like Close Up; etc

Table 1: Number of Employees Year ended in thousand

Source: *Own drawing based Unilever company report and account, 2005.*

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Number of Employees Year ended in thousand	2005	2004	2003	2002	2001
Europe	49	52	55	60	71
Americas	47	47	50	53	60
Asia/Africa	110	124	129	134	134
Total	206	223	234	247	265

Catherine Colbert. [Unilever UK Home and Personal care.](#)

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