Unilever Corporate Strategy and Consumer Goods Market Analysis

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Executive Summary

Each multinational enterprise has a financial scheme that empowers it to stretch out beyond its rivals. Unilever, a British-Dutch customer Goods Company headquartered in the UK and Netherlands, was established in 1930. Unilever developed as one of the most significant multinationals and a worldwide pioneer that offers large consumer goods, including food products, personal care items, and domestic items. It also possesses a broad international network in more than 190 nations. It has likewise built up its one-of-a-kind arrangement of business procedures, which gives the organization an edge over the contenders.

Unilever is well established in influencing new ventures in rising economies and has been making outstanding commitments to the financial development of these nations. Growing economies are emerging nations that have a weaker structure, specifically for economic undertakings to happen adequately, and their common populace is living in conditions that are underneath worldwide guidelines. At present, more than 44% of Unilever's business originated from developing economies, and further development in the utilization of commodities is predicted in the coming years.

Unilever's major global rivals are Nestlé and P & G. It also aspects rivalry in confined marketplaces or precisely manufactured goods varieties from several concerns, comprising PepsiCo, ConAgra, Henkel, DANONE, S. C. Johnson & Son, Mars, Beiersdorf and Reckitt Benckiser.

Unilever gears an intricate promoting combination that reflects product variances and differences among marketplaces from one place. Unilever's promotion blend, the product component, and the place component are of utmost importance. Still, the advertising component and pricing components guarantee the corporation's productivity. As an extended enterprise in the customer merchandise business, Unilever must preserve a promotion combination that states rivalry and other encounters in the international market. Unilever is open to numerous threats in association with its financial procedures and effects. These comprise the impression of drive-in interest rates, equity markets and life probability on net retirement fund obligations; conservation of group cash flows at a suitable level; disclosure of obligation and money situations to variations in interest rates; possible effect of fluctuations in exchange rates on the retributions of Group and on the conversion of its fundamental net resources; liquidity of market and counterparty threats; and threats related with the allotment of

our own stocks in association with share-based compensation arrangements.

Unilever has prospects to expand by entering industries apart from consumer goods production. Divergence decreases market-based threats and increases business liability. On the other hand, product novelty can upsurge Unilever's produce desirability by considering the requirements of progressively health-conscious customers. Unilever targets to distillate cash in the parental and funding businesses to safeguard extreme elasticity in meeting varying commercial requirements. Operating companies are backed by the blend of reserved earnings, third-party borrowings, and advances from parental and group-sponsoring corporations that are most suitable for the specific country and corporation concerned. Unilever has been unpretentious by the credit problems prevailing in some commercial marketplaces, and we have been capable of increasing liability as deemed necessary to accomplish our investment desires. This is, in actuality, all that could be needed to take Unilever some place superior to being the second biggest in the worldwide arcade; in any case, as rivalry strengthened, Unilever began losing its hang.

Brief Company History

Unilever is a British-Dutch consumer goods company that is headquartered in the UK and Netherlands (Wilson C. 1970). Unilever is one of the oldest consumer goods companies in the world, with a global presence in more than 190 countries. The wide variety of brands available at Unilever gives it an edge over other consumer goods companies. Unilever has more than 400 brands in its product portfolio that are being consumed all over the world. Some of the key brands and products that Unilever holds include Knorr, Dove, Omo, Lipton, and others (Unilever).

As said by Axel (2016), during the year 2016, Unilever's annual turnover was more than 50 billion euros. Thirteen of the 400 brands had sales of more than 1 billion euros. Unilever's history dates back to 1872 when the first margarine factory in the world was founded. Since then, Unilever has evolved from a margarine factory to one of the biggest consumer goods companies in the world. During this time Unilever acquired quite a few companies like Breyers, Brooke Bond, Chesebrough-Ponds, Vaseline, and others.

The company has a sustainable business plan with sustainable growth being the principal model for their business. It has a Unilever Sustainable Living Plan (USLP) that helps more than 1 billion people improve their health, enhance their livelihood, and source 100% of agricultural raw materials. Apart from a sustainable business, Unilever is working with different organizations and departments for the betterment of the world and face the challenges that people are now facing (Maon, F., Lindgreen, A., & Swaen, V., 2009).

Unilever all over the world has a workforce of more than 169,000 people. The company is an equal opportunity provider for both males and females, with 46% of managers at Unilever being women. Of the total revenue that Unilever earns, 57% of that revenue is derived from emerging markets of the

world. Like other companies in the world, Unilever runs its business process of its Code of Business Principles of honesty, openness, and integrity.

Unilever, having started as a margarine company, has now divided itself into four divisions, which include refreshments (ice cream and beverages), foods, personal care, and home care. The focus on beauty and personal care products has increased as the Food division has been showing slow growth over the last few years. Apart from this, Unilever has different research facilities in the United Kingdom, United States, Netherlands, China, and India.

Management & Operations

Unilever has a presence in more than 190 countries. The operations and management of these countries are usually run by local people, as they are more aware of the market practices in their region. These operations are coordinated under Unilever's global organization. Unilever is currently led by Chair Ian Meakins and Chief Executive Officer Fernando Fernandez.

Following the separation of its Ice Cream business, Unilever reports four continuing business groups: Beauty & Wellbeing, Personal Care, Home Care, and Foods. The personal care department of Unilever is now focusing on the sale of hair care and skin products. Apart from these, the personal care department is now also focusing on other segments like deodorants, body sprays and oral care products. Some of the significant outcomes in this division of Unilever include Axe, Dove, Rexona, Sunsilk, Lux, and others.

Apart from the personal care division of Unilever, there is also a food division that looks after all the sales and production of different snacks like chips, biscuits, spreads, mayonnaise, and sauces. Some of Unilever's key brands in the food division include Lays, Maggi, Blue Band, Knorr, and others. The refreshment division of Unilever can also fall into the category of foods, but since it is for ice creams and tea, is kept as a separate division by the company. The brands that fall under the Unilever refreshment category include Wall ice cream and Lipton tea.

The last division of the company that is working is the homecare division. Just like the personal care division is made for personal use, the homecare division is made for home cleaning. Stuff like soap bars, liquid detergents, washing powders, and others are all included in the Homecare division. Some of the key brands of the Homecare division include Surf, Domestos, Omo, and others.

By dividing itself into four divisions, Unilever has covered almost all consumer goods and is catering to all the needs of the market. By classifying according to the consumer goods basis, Unilever is finding it easier to get a better target market for them. They can better target the audience with the help of their four divisions. Each of the divisions caters to a different market, which gives Unilever an opportunity to capture the entire market or at least have its existence in all the markets of consumer goods. The division segmentation of the consumer goods industry also helps Unilever to find out which of the divisions is going slow and needs attention and which of the divisions is outperforming all

other divisions. Hence, it gets an edge to conduct an internal revenue analysis as well.

Industry Overview

The United States has been a leader in consumer goods branding, marketing, research, innovation, and manufacturing. The consumer goods market of the United States in 2015 was the biggest in the world, at around $446 billion. There are quite a few associations that have been made for the following procedures of the Consumer Goods industry. Some of the leading associations of the United States include the American Lighting Association, the Association of Home Appliances Manufacturers, and the Craft and Hobby Association.

The consumer goods industry, just like the other industries, has been broken down into different segments. The consumer goods industry is the industry in which goods are purchased and consumed by the final or end user only. This means that there will be no more users of the particular item once it has been utilized. Just like Unilever has divided its products into four different divisions, the consumer goods industry can also be divided into four or more such divisions.

Some of the divisions that have been done in the consumer goods industry include food, beverages, small appliances, toiletries and cosmetics (Gruen, T. W., & Corsten, D. S 2007). Unilever almost has the same division, but there is a bit of change in it. Some of the products and brands may fall into some other category, while some of them may fall into any other group. But almost all the companies in the consumer goods industry are in the same group, or they are following the same approach to business or have similar organizational or product structures of the company.

The majority of the players in the consumer goods industry have come from acquisitions and mergers. This has been done to provide consumers with all the products and brands under one roof. Hence, acquisitions and mergers become essential for the survival of the companies back then. Companies are conglomerates of each other as they are selling different brands and products under their name. From toilet soaps to tissues, all those items are being sold by these companies.

Competitors In The Industry

The consumer goods industry is comprised of prominent players only, and you will just be finding some big names on the list. The top players in the consumer goods industry include the likes of giants Nestle Inc., PepsiCo International, Procter & Gamble Company, and others (Corstjens, J., Corstjens, M., & Lal, R.1995). Below are the top 10 Consumer Goods companies all over the world, along with their market share in the industry.

S.No	Company Name	Market Share

1	Nestle	10%
2	Proctor & Gamble	9%
3	Unilever	9%
4	PepsiCo	8%
5	Coca-Cola Company	6%
6	Imperial Tobacco Group	6%
7	Anheuser-Busch InBev	5%
8	LVMH Moet Hennessy Louis Vitton	5%
9	JBS S.A.	4.5%
10	Mondelez International	4%

Apart from these top 10 companies, there are other companies as well, but these are those companies that have been competing with Unilever altogether. We will now give a brief overview of the top competing companies to Unilever.

Nestle

Nestle is the most prominent consumer goods company with its headquarters in Switzerland. The main divisions in which Nestle operates are none other than the food and water business. Not only is Nestle at the top of the consumer goods companies, but it has also made it to the top of food companies all over the world in terms of revenues and other metrics. Nestle was formed in 1866, and since then it has gone on to expand itself and has made quite a few acquisitions in the process. It has a global workforce of more than 339,000 people, apart from having the crown of being the leading shareholder in the beauty and cosmetics company L'Oreal.

Procter & Gamble

Procter & Gamble is another big consumer goods industry that has its head office in Ohio only. The company was founded back in 1836 and specialises in personal care and hygiene products. Apart from this, the company also specializes in the food division, with a variety of foods and beverages available. P& G went through a change when it dropped more than 100 brands to focus on other brands that were reaping more than 90% of the overall profits of the company.

Pepsi Co

PepsiCo is another major player in the consumer goods industry and is the one that has been leading the beverages division of consumer goods along with Coca-Cola Limited. With more than 125 years of its existence, PepsiCo has grown from Brad's Drink to Pepsi Cola. While Unilever and Nestle have been unable to capture this soft drink industry, Pepsi has done it and is competing with the likes of Coca-Cola in the market. Apart from these two companies, there is not any company that can compete with each other in the fizzy drinks department.

PEST Analysis Of Unilever

According to Peng, G. C., and Nunes, M. (2007), PEST analysis is a framework that was developed to identify the environmental factors that can impact a company's strategic decision-making. PEST stands for Political, economic, socio, and technological factors (Dockalikova, I., & Klozikova, J. 2014). We will discuss these factors one by one for Unilever

Political

Political factors for Unilever will include favourable regulatory guidelines from the Food and Drugs Commission in all the countries in which it operates. Any changes to such regulations can be a significant concern for Unilever. Political stability all over the world will be taken as an opportunity for Unilever, along with the increase in trade between countries.

Economic

Economic factors for Unilever include the financial stability of developed countries, which can be taken as an opportunity. If there is stability, then the company has a chance to perform even better, but in case there is no stability, then there are threats of price increase, labour fallout, inflation, and other things. Similarly, increasing wages in developed countries means an increase in salaries expense for Unilever. The growth of developing countries can be taken as an opportunity as Unilever will get a chance to grow radically with the growth of developing countries.

Technology

With the rise and advent of technology, Unilever will now have to play the adapt game. It can be taken as an opportunity that Unilever can latch on to new technologies automate its system, and cut down its cost with the help of technology. However, the cost of maintaining systems is high, and that will serve as a potential threat to Unilever in the future as well.

Marketing

Unilever is a global company and has reached more than 190 countries, which means that it is covering almost all the countries that are in the world right now. The company has offices in different countries like Canada, the USA, South Africa, Tanzania, Argentina, Brazil, Thailand, Turkey, Saudia Arabia, Pakistan, China, India, Australia, Germany, France, Sweden, UAE, and others. Below is the map that will give a clear idea of Unilever's global presence.

This gives the idea that Unilever or its products are present in almost all countries of the world.

Marketing Mix Of Unilever

As stated by Constantinides, E. (2006), marketing mix is a core function of marketing, which is defined as a method to allow companies to achieve their primary objectives with the help of marketing mix. The marketing mix consists of four Ps, and they are namely

- Product
- Price
- Place
- Promotion

As far as the marketing mix for Unilever is concerned, the Product and the place part are the most critical things, followed by advertising and then the price. The company needs to maintain a marketing mix in a way that it can compete with the other players in the industry, and in doing so, it is keeping its profitability levels as well. Below is the marketing mix of Unilever.

Product

The product mix for Unilever is the most important one. With more than 400 brands under its name, the company has to think out of the box whenever it is coming up with any new product. The composite product mix of Unilever right now is divided into the following:

1. Homecare Products

2. Skincare Products
3. Food Products
4. Beverages Products

There are different top-quality brands under these divisions, like Walls, Lays, Dove, Vaseline, Lux, Brook Bond, and others. All these brands form a relatively stable product mix for Unilever that helps it compete with top players in the industry.

Place

The next mix for Unilever is the Place mix. With operations present in almost every country of the world, Unilever has to ensure that everyone can reach out for its products. Thus, the distribution of products becomes quite essential for Unilever. The company uses retailers, stores, and kiosks to distribute its products. Retailers are the primary source of Unilever's product distribution as they tend to greet a broader target audience. Stores that are general stores are also used by the company to sell its products, after which it uses kiosks, which are often used for direct selling of the company.

Promotion

To create awareness about its product amongst the end consumer, Unilever promotes its products through different means, which include sales promotions, advertisements, personal selling, public relations, and direct marketing or telemarketing. Advertising is the primary form of development of Unilever products. The publication can be in any way. It can either be on television, or it can be an online promotion. You can get promotions on billboards or through any other means. After advertisements, there is a sale promotion where the company offers sales or different discounted offers to promote its product so that people start using it. Companies often use this type of strategy when they launch a new product.

Price

Pricing is the last part of Unilever's marketing mix. The company uses three techniques for setting up its price. This includes product bundle strategy, premium strategy, and market strategy. The market strategy is used when expenses are to be kept by market practices. Premium strategy pricing is used on products that others don't have, and thus, Unilever holds a premium on such products. A product bundle pricing strategy is used on those products for which Unilever is offering discounts. Thus, by linking two products together, they set a bundled offer.

Below are some of Unilever's most famous products and brands, which are being used all over the world.

S.no	Product/Brand
1	Dove
2	Sunsilk
3	Domestos
4	Knorr
5	Lux
6	Walls
7	Blue Band
8	Fair & Lovely
9	Ponds
10	Clear

Consolidated Balance Sheet						
as at 31 December						
	€ million	€ million	€ million	€ million	€ million	€ million

	2016	2015	2014	2013	2012	2011
Assets						
Non-current assets						
Goodwill	17,624	16,213	14,642	13,917	14,619	14,896
Intangible assets	9,809	8,846	7,532	6,987	7,099	7,017
Property, plant, and equipment	11,673	11,058	10,472	9,344	9,445	8,774
Pension asset for funded schemes in surplus	694	934	376	991	758	1,003
Deferred tax assets	1,354	1,185	1,286	1,084	1,050	421
Financial assets	673	605	715	505	535	478
Other non-current assets	718	771	657	563	536	632
	42,545	39,612	35,680	33,391	34,042	33,221
Current assets						
Inventories	4,278	4,335	4,168	3,937	4,436	4,601
Trade and other current receivables	5,102	4,804	5,029	4,831	4,436	4,513
Current tax assets	317	230	281	217	217	219
Cash and cash equivalents	3,382	2,302	2,151	2,285	2,465	3,484

Other financial assets	599	836	671	760	401	1,453
Non-current assets held for sale	206	179	47	92	192	21
	13,884	12,686	12,347	12,122	12,147	14,291
Total assets	56,429	52,298	48,027	45,513	46,189	47,512
Liabilities						
Current liabilities						
Financial liabilities	5,450	4,789	5,536	4,010	2,656	5,840
Trade payables and other current liabilities	13,871	13,788	12,606	11,735	11,668	10,971
Current tax liabilities	844	1,127	1,081	1,254	1,129	725
Provisions	390	309	418	379	361	393
Liabilities associated with assets held for sale	1	6	1	4	1	–
	20,556	20,019	19,642	17,382	15,815	17,929
Non-current liabilities						
Financial liabilities	11,145	9,854	7,186	7,491	7,565	7,878
Non-current tax liabilities	120	121	161	145	100	258

Pensions and post-retirement healthcare liabilities:						
Funded schemes in deficit	2,163	1,569	2,222	1,405	2,060	2,295
Unfunded schemes	1,704	1,685	1,725	1,563	2,040	1,911
Provisions	1,033	831	916	892	846	908
Deferred tax liabilities	2,061	1,744	1,534	1,524	1,414	1,125
Other non-current liabilities	667	393	378	296	400	287
	18,893	16,197	14,122	13,316	14,425	14,662
Total liabilities	39,449	36,216	33,764	30,698	30,240	32,591
Equity						
Shareholders’ equity						
Called up share capital	484	484	484	484	484	484
Share premium account	134	152	145	138	140	137
Other reserves	(7,443)	(7,816)	(7,538)	(6,746)	(6,196)	(6,004)
Retained profit	23,179	22,619	20,560	20,468	20,964	19,676
	16,354	15,439	13,651	14,344	15,392	14,293
Non-controlling interests	626	643	612	471	557	628

Total equity	16,980	16,082	14,263	14,815	15,949	14,921
Total liabilities and equity	56,429	52,298	48,027	15,286	16,506	15,549

Ratio Analysis

Ratio analysis is conducted by companies to determine the performance of their financial strategies (Brigham, E. F., & Ehrhardt, M. C. 2013). Ratio analysis is done by comparing the financial results of the company with the performance of the company in previous years. This can be done by comparing the performance of the company with other competitors in the industry. Ratio analysis indicates the financial performance of the company in a single glance. The performance measures of the company can be found through different ratios, which include solvency ratios, profitability ratios, market valuation ratios, debt ratios, and asset management ratios (Van Horne James, C. 2002).

All these ratios provide different information regarding the financial performance and financial health of the company. Solvency ratios indicate whether the company can meet its liabilities in the short run or not. These ratios are used to find out that there is no liquidity crunch in the company. Similarly, profitability ratios tell us about the profitability of the company as compared to sales assets or operating income. The profitability of the company can be gauged with the help of different profitability ratios (Nissim, D., & Penman, S. H. 2001).

Market valuation ratios are used by companies to find out about the market value or share price of the company. These ratios indicate whether the share price of the company is overvalued or undervalued. These ratios help determine the amount according to the book value. Debt ratios are used to find out the debt burden that a company has on itself and how much liabilities it can afford in the future. Asset management ratios are those ratios that help a company determine whether its assets are adequately utilized to generate profits and revenues (Nissim, D., & Penman, S. H. 2001). The breakup of all these ratios helps us in finding out the fault in our financial performance, and we can reach the core of the problem with the help of these ratios. This helps find whether the debt is a problem, current assets, interest, or anything else.

We will be calculating a few ratios to get a better understanding of Unilever’s performance and will compare them to the industry averages of these ratios. This will give us a better idea of how much Unilever is performing better than other companies or how worse it is performing than other countries. The ratios that we will be calculating will include the Current Ratio, Debt/Equity ratio, and Asset turnover ratio.

Ratio	2016	2015	2014	2013	2012	2011	Industry Average
Debt/Equity	100	90%	93%	80%	66%	60%	85%
Current Ratio	0.68	0.63	0.63	0.70	0.77	0.80	0.85
Asset Turnover	0.96	1	0.98	1.11	1.09	1.08	0.97

After researching the industry averages and ratios of Unilever, we found out that the debt-to-equity ratio of Unilever has increased significantly, with more debt financing coming now. The company has also beaten the industry average and is now comprehensively financing through debt rather than equity, which is a concern for the company. The increase in debt financing means that there will be increased interest payments for these and will have an impact on the profitability of the company (Brigham, E. F., & Ehrhardt, M. C 2013). Hence, it is believed that Unilever should cut down its debt financing rather than go for equity financing so that its profitability does not take a hit in the coming future and it stays at par with the industry average.

The current ratio of the company suggests that the company does not have enough liquid assets in the short run to pay off its short-term liabilities. The company may face a severe crisis if the company's current ratio does not cross one shortly. The problem is that the current ratio has seen a decline from the previous year's, which is not a good sign for the company. This shows that the current assets of the company are declining or the current assets of the company are increasing rapidly now. The only positive outcome from the calculation of the current ratio is that the industry average is also not encouraging as it is even tottering below one only. Thus, the industry practice may be that the current ratio usually stays below one mark in the consumer goods industry.

The asset turnover ratio of the company has been encouraging and is almost on par with the industry average as well. The ratio suggests that the company is using its assets efficiently to generate sales from them. The ratio has decreased slightly over the last six years but is still on par with the company's average.

Income Statement

	€ million	€ million	€ million	€ million	€ million	€ million
	2016	2015	2014	2013	2012	2011

Turnover	52,713	53,272	48,436	49,797	51,324	46,467
Operating profit	7,801	7,515	7,980	7,517	6,977	6,420
After (charging)/crediting noncore items	(245)	(350)	960	501	(73)	144
Net finance costs	(563)	(493)	(477)	(530)	(535)	(543)
Finance income	115	144	117	103	136	92
Finance costs	(584)	(516)	(500)	(500)	(526)	(540)
Pensions and similar obligations	(94)	(121)	(94)	(133)	(145)	(95)
The share of net profit/(loss) of joint ventures and associates	127	107	98	113	105	113
Other income/(loss) from non-current investments and associates	104	91	45	14	(14)	76
Profit before taxation	7,469	7,220	7,646	7,114	6,533	6,066
Taxation	(1,922)	(1,961)	(2,131)	(1,851)	(1,697)	(1,575)
Net profit	5,547	5,259	5,515	5,263	4,836	4,491

Attributable to:						
Non-controlling interests	363	350	344	421	468	371
Shareholders' equity	5,184	4,909	5,171	4842	4368	4120
Combined earnings per share						
Basic earnings per share (€)	1.83	1.73	1.82	1.71	1.54	1.46
Diluted earnings per share (€)	1.82	1.72	1.79	1.66	1.5	1.42

Looking at the income statement of the company for the last six years it can be seen that the revenue of the company has not increased by a significant margin as there has been a substantial increase only. The finance costs have ended the uprising in the last as compared to 2011 due to increased debt obligations of the company. The profit before taxation and net profit witnessed an increase, which suggests that the company may have seen a decline in its operating expenses, which may have surged the net profit before and after taxation. The earnings available to common shareholders after tax have seen a rapid increase, which suggests that the shareholders will be keen to keep investing in the company and keep buying more shares.

Annual Revenue Data

Annual Stock Price

Can Unilever Expand Globally?

Unilever is a massive name in the industry and needs no introduction itself. It has its presence almost everywhere in the world. All the countries in the world are using some products of Unilever even if the

company is not physically present there. But the question remains: can it expand? Yes, Unilever can grow, and it has all the potential to do so. The company can develop into modern countries where it is already present by further penetrating into the market. It can do so by introducing new products and brands that are market-specific. Every state can have its own country-specific products and brands, which will also help Unilever better understand the local market trends of almost all the nations. Unilever has the funds, and it has the results to back itself up. Though the company's revenue may not have seen a significant increase over the last six years, it has seen one thing, and that is increased profitability. The company has reduced its cost of manufacturing and operating expenses marginally, which is showing a positive impact on the company overall. Unilever needs to control its debt position as it is a significant hindrance to the company's progress. Increased debt will increase interest costs, which has been the case for the last six years. Finance costs during the previous six years have increased by 25%, and if the debt position continues to be the same, it could remain the same in the future. This will have an impact on the profitability of the company. All in all, Unilever is in a strong position and is all ready to take on its competitors

Unilever In Ecuador

Unilever is a good consumer company with a British-Dutch background. It currently operates in 190 countries and is one of the largest multinational companies. Unilever has more than four hundred brands included in its product portfolio that are available to billions of consumers around the world. The multinational company has its headquarters in the UK and Netherlands and provides for consumers in every part of the world to improve their living standards with an unlimited number of products.

The company aims to expand their business in Ecuador and South America. This report evaluates the business strategies used by the company to commence their activity in the country. It provides an analysis of the Ecuadorian market situation and the favourable and adverse conditions for Unilever's operations. Furthermore, this will provide insight into the market conditions of Ecuador and the market strategy developed by Unilever to address the consumer demands in the country. Finally, the report assesses the overall business strategy and the success rate of the decision to expand into the South American nation and provides a recommendation.

Ecuador Overview

Ecuador is situated on the west coast of South America, with a landscape which includes the Amazon jungle, Andean highlands, and the Galápagos Islands. The capital of Ecuador, Quito, is best known for its rich Spanish culture and colonial history, with several historical palaces and religious sites attracting thousands of tourists every year. The South American country's total population is 16.5 million, with an area of over 270,000 square kilometres. The country's major languages are Spanish and other indigenous languages, while its dominant religion is Christianity. Ecuador uses the US dollar

as their currency (“Ecuador profile,” 2018).

GDP-Official Exchange Rate

The Exchange rate is related to the GDP and imports. Ecuador uses US currency and has managed to improve the exchange rate to 88.75 in 2013.

Education, Languages, And Religions

The country was initially conquered by the Spanish in the 16th century, who left behind the Spanish language and culture, as well as the historic buildings and religious sites, which proved to be the main attraction of the area. During the 18th century, Ecuador became a part of Independent Gran Colombia and became officially independent in 1830 (“History of Ecuador | By Ecuador Channel,” n.d.). The country’s dominant religion is Roman Catholic, as shown in the pie chart, due to the early invasion during colonialization.

Political And Legal

The political situation of Ecuador has been unstable for years due to its war with Peru over the disputed territory, and the change in government. When Dr. Jose Maria Velasco Ibarra came to power in 1968 after 30 years of being elected president, they suspended the constitution and rules by decree. However, in 1979, democracy was restored to Ecuador. The overthrowing of President Abdala Bucaram Ortiz in 1997 is another sign of the country’s unpredictable nature of politics. However, recent developments in 2006 have led to a more socially reformed and politically stable nation since the Socialist Rafael Correa won the presidential elections. The new constitution has improved the situation in Ecuador. The powers of a president are limited to ensure the security of the people and the economy and avoid intentional exploitation of their ability.

Government Structure

The Republic of Ecuador’s political system is a representative democracy. The Government is divided into three branches: executive, legislative, and judicial. Also, there is an agency called Tribunal Supremo Electoral.

Executive:

The President of the Republic presides over the executive branch and represents the State. The president is elected for four years by popular vote, at the same time as the vice president. The

President has the power to determine the number and functions of the ministries. The President is also the Commander in Chief of the Armed Forces. The current president of 2018 is Licensed Lenin Moreno.

Legislative:

Ecuador's Congress passes laws, levies taxes, and approves International Treaties and an annual budget proposed by the executive branch. Members of Congress are elected during multi-party elections.

Judicial:

The judicial system is comprised of administrative courts, trial courts, appellate or Provincial Superior Courts and a Supreme Court. Supreme Justices are elected for life terms.

Ecuador's Economy

Ecuador's annual gross domestic product is equal to $183.6 billion and has a growth rate of 0 per cent. As the graph below shows, Ecuador experienced a decrease in their annual GDP in 2016, which has affected the country's performance and living standards, as well as aggregate demand.

The country's most economic activities are state-owned such as the oil and gas production is controlled by the government. Ecuador's economic freedom score is 48.5, which makes it the 165th country on the list of free economy countries in 2018. The state's overall financial scores have decreased by 0.8 points due to the lower government integrity, fiscal health, property rights and labour freedom. These are the factors that affect the living standards of the country. Additionally, the state has made it to the 28th rank among 32 countries in America's region, with its overall score falling below the averages of countries in the area and around the world ("Getting Started with Business in Ecuador," n.d.).

Ecuador has been unbeaten in maintaining its unemployment rate at 5.4%, while the inflation rate is 1.7%. Records of increases in prices show that Ecuador's economy is unstable due to its political situation. Moreover, the country has a discouraging environment for the private sector as most of the economy is controlled by the government. Ecuador's government policies and structure have been affecting the country's economic performance.

Business In Ecuador

Ecuador's unstable economic and political conditions have proven adverse to the setup of a new business. The country ranks as the 168th company on the list of suitable companies for starting a new

business. The graph below shows a dramatic decrease in foreign direct investment in the country due to the many restrictions imposed by the state.

Even though the new policies and changes in the economic growth rate have encouraged private investors to take an interest in the country, it lacks the conditions required for private investments. There are multiple legal steps that a firm needs to complete before entering the market. Moreover, other constraints, such as arranging a construction permit, take about 128 days, while there are several legal procedures required throughout the process of setting up a business. These include getting electricity, registering property, getting and protecting investors, etc. ("Doing Business in Ecuador – World Bank Group," n.d.).

The business environment of Ecuador is mainly challenging for private firms to commence their operations. The tourist industry, on the other hand, has the potential to expand due to the 200,000 tourists visiting the Islands to see the historical sites in the country.

Consumer Behavior

The Ecuadorian market is familiar with consumer goods, and there is noticeably high demand for personal care and hygiene products. Moreover, the market for processed food is already established. Unilever's products already have a potential market in Ecuador; hence, the firm will not require changing the design or introducing their products to new uses. They can, on the other hand, come up with Ecuador culture-based products that are widely accepted by the mass public and receive attention from the consumer who has too many choices in the market with a large number of imported products.

Potential Success Of Unilever In Ecuador

It is essential to understand the industry in which Unilever operates and the one in which it plans to continue its expansion. The United States is among the 190 countries in which Unilever functions, which has proven to be a successful venture for the firm. Before the company decides to enter the Ecuadorian market, it needs to consider the industrial environment and the possible risks for Unilever's products.

Ecuador is a developing country with an expanding market that has potential demand for the consumer goods industry. The requirements, such as food and hygiene products, are required by every population. The economy of Ecuador has faced many complications and a fall in growth rate, which has affected the investment rates and the preference of entrepreneurs to do business in the country. The country is known for its political and economic instability, which has discouraged foreign investments. However, the demand for the consumer goods industry is on the rise. The country depends on U.S. imports, which include Unilever's products and other consumer goods companies. Hence, there is a potential market that can be easily targeted (Wolff, J. 2016).

Moreover, the country's industry has a meagre rate of competition. The primary competition comes from imported goods for the domestic products and their low quality. Additionally, the labour in Ecuador is cheap, but the significant risk factor is the political situation, which can affect the labour market and the demand for imported or domestic products.

However, business is an expensive option in Ecuador due to the government regulations and the low number of skilled and experienced workers, which means that multinational companies such as Unilever have to move workers from other countries to join the shift to the nation. This will increase their costs and human resources expenses (Romero, P., Hodgson, F., & Gómez, M. P. 2018).

Additionally, the government of Ecuador continues to introduce new laws and policies that affect the prices of the products available to them. These factors affect the business performance and the firm's ability to control the market and the prices they charge for the products. The industry of the country is not free-floating. Instead, it is restricted and controlled by the state to exploit the market forces of demand and supply.

Even though the market is risky for businesses to develop, the increasing demand for essential commodities in the country and the dependence on imported products is a sign of potential market. Moreover, the rise in tourism has led to restaurants and hotels providing better and high-standard services to all types of tourists from around the world, which adds to the increased demand for personal care products.

Competitive And Industry Analysis:

To analyze Unilever's exterior situation critically, the primary method used by majority analysts is PESTEL, which spotlights the alteration regarding politics, economy, society, technology, environment, and laws. The main features that persuade Unilever's overall atmosphere are economy and society. For economic factors, the new rising market is budding speedily, such as Ecuador, which plunks as a new market alternative for Unilever. According to the financial situation, the entire world is experiencing a revolt in the narration. The trade and industry power has relocated from industrial states to another promising marketplace. With the market reorganization, the pace of expansion in new budding economies is much quicker than that of urbanized states. This inconsistency can be initiated more effortlessly. Because of such a specific market, the political aspect should also be taken into account. In some countries where the growing GDP and rate of work is the whole lot, like Ecuador, collaboration and particular manner from management will be an outstanding benefit for Unilever Company.

For the political aspect, likewise, let's grasp the Chinese market as an example. When Unilever entered the Chinese market initially, it could only set up a joint project on the opinion of the limited policies in that instance. The corporation set up Shanghai Lever Ltd with the local venture in 1986. However, both parties disagreed with the expansion line of attack, and the joint undertaking

arrangement led to reduced administration effectiveness. In 1999, Unilever gave up the fusion venture with local investment and turned to cooperating with its headquarters, building up Unilever Ltd, China. This revolutionary decision has greatly forced the company's power over dealing in China.

"To add vitality to life" is Unilever's eternal company mission, and its mechanism is designed to construct an enhanced prospect every day. Ever since Unilever was recognized in 1884 by the organizer William Hesketh Lever, It has developed into one of the world's top dealers of fast-moving customer goods. "Endearing in the marketplace" is one of the foundation secrets of its accomplishment

When we talk about Unilever entering the Ecuador market, we have to consider the top consumer goods companies that have been serving the Ecuadorian market for a long and short time. Nestle and Proctor & Gamble are the main competitors who need to be considered by Unilever to enter the Ecuador market. These competitors have been in Ecuador for more than five years and have made ground in the market by providing cost-effective household items and products used in daily life.

Next, the market share of the competitors needs to be analyzed. Identifying the market share of the competitors helps in understanding what strategy they have acquired to continue their sales and growth of the restaurants (Giannakopoulos & Koutsoupias, 2015). Here, market share does not mean the numeric value of the market acquired by the companies, but it relates to the business strategies and areas that have been received by the competitors. Nestle has a wide range of products to offer to their customers, and so does Proctor & Gamble. Both multinationals have made efforts to match the customers' needs and produce brands that match those needs. In Ecuador, Nestle has a market share of 10-12%, and Proctor & Gamble have a share of 9%.

In analyzing the market of the competitors, it is essential to know about the SWOT of the competitors. It helps in better understanding the competitors and what internal and external advantages and disadvantages they have in the business (Giannakopoulos & Koutsoupias, 2015). These findings are then compared to the company which is doing the research and helps in eliminating the errors in the company. Nestle's strengths are its full range of product lines that it offers to its customers. The weakness of Nestle is the substitutes available in their product range. Threats to the consumer goods provider are the globally expanding business, which is also a risk for them. Opportunities for Nestle are the retail outlets of Ecuador and affiliated cities, which have not been touched yet. However, Proctor & Gamble has the strength that it has made a proper segment for its business where it serves the niche market accurately, i.e., shampoo products and women-centred products. P& G's weakness is the fact that it is dropping out of almost 100 of its brands and is focusing on the remaining. Threats to the company are the risk of the segmented market, which can sometimes create a problem if other competitors show flexibility in their business. Opportunities for the company include introducing a full range of consumer brands (compared to the competitors), which is limited at the moment (Giannakopoulos & Koutsoupias, 2015). After all these factors, feedback is gathered by the companies in response to the execution made by Unilever, and it will help in better understanding the entry strategies in the market. For the starting business, Unilever will serve Ecuador and its main cities like

Quito, which has a size of almost 16.4 million people. According to this figure, nearly 60% of the population comes to visit grocery or retail stores to shop for household and utility items. All of the community which does shopping from the retail stores can be considered as the target market. The nature of the target market includes almost every type of nationality in Ecuador, i.e., European, South America, Amerindians, and African. From all over Ecuador, Unilever will target the people coming to the stores for shopping, as this strategy is also a global strategy for Unilever.

Marketing Project

Introduction

For this assignment, the company's marketing project will be introduced in the paper. This marketing project will develop a strategy for the business to become global and analyze different areas of the company. For the analysis of the marketing project, Unilever was selected to be in the Ecuadorian region. Further, detailed marketing and competitive analysis will be conducted so that the company can expand its business to Ecuador. Unilever is a Dutch-British consumer goods company, which has headquarters in London, UK and Rotterdam, Netherlands ("About Unilever," n.d.). Unilever has a huge product line including beverages, food, personal care products, and cleaning agents. According to the 2012 revenue report, Unilever is the largest consumer goods company and the largest producer of food items ("About Unilever," n.d.). It is the seventh most valuable European country. Being the oldest multinational company, Unilever serves more than 190 countries around the globe. According to a 2016 turnover report, Unilever has more than 400 brands to offer to their customers, with a turnover of €50 billion, and sales of almost €1 billion are coming from thirteen flagship brands ("About Unilever," n.d.). These brands are Dove, Flora, Axe, Omo, Knorr, Lux, Hellmann, Heartbrand, Rexona, Magnum, Sunsilk, Rama, and Surf Excel. Unilever is a dual-listed company, with Unilever N.V. located in Rotterdam and Unilever plc situated in London. However, the company works as a single organization with a joint board of directors. Unilever is classified into four divisions: Refreshments (beverages and ice creams), Food, Personal care, and Home care products. Research and development units in the UK, China, India, USA, and the Netherlands focus on the development of new brands.

In 1930, Unilever was founded by the British soapmakers Lever Brothers and the Dutch margarine manufacturers Margarine Unie. In the mid-20th century, Unilever diversified its business from producers of oils and fats and started the business around the globe. Unilever has made certain corporate acquisitions like Lipton in 1971, Ponds in 1987, Brooke Bond in 1984, Ben & Jerry's in 2000, Best Foods in 2000, Dollar Shave Club in 2016, and Alberto-Culver in 2010 ("About Unilever," n.d.). In 1997, Unilever deprived its special chemical operations to ICI, discontinuing its operations from Unilever. However, in 2015, under the strong leadership of Paul Polman, Unilever started shifting its business towards beauty and health brands, and the company started showing slow growth in the food brands ("About Unilever," n.d.). Paul Polman is a Dutch businessman who was born in 1956 in

the Netherlands. He has served a long tenure with Proctor & Gamble and later, in 2006, joined Nestle. In 2009, he was appointed CEO of Unilever and later served in that role as part of the company's recent leadership history.

Unilever plc has a primary listing on the London Stock Exchange and is a central component of the FTSE 100 Index. However, Unilever N.V. has been listed on Euronext Amsterdam and is also a component of the AEX Index. According to 2017 reports, Unilever has 169,000 employees around the globe. Unilever's revenue is termed at €53.7 billion, with net income termed at €6.4 billion, according to 2017 ("About Unilever," n.d.).

Competitive And Industry Analysis

Competitive analysis is a crucial part of a company's marketing plan, which provides a broad review of how the product and services are unique as compared to the competitors (Fleisher & Bensoussan, 2015). It also gives deep insight into the elements which need to be considered to attract the target market. Observing competitive analysis in a company provides data on the competitors and makes evaluations according to it. Analyzing the competitor's strength in the market, helps the company to understand what the competitors are giving and what type of products/services are required by the customers (Fleisher & Bensoussan, 2015). In this phase, it is vital to examine who your competitors are in the market and what type of products these competitors sell. It is also essential to analyze the market share of these competitors, which gives an overview of the competition companies in this market, how long they have been in this market, and what has made them make such a market share. Then, each competitor is analyzed which is their strategy in the market and what market share they acquire (Fleisher & Bensoussan, 2015). Before entering a new market, the first step of any company is to analyze the market and its competitors. It provides an overview of the competition in the market and what the company will be facing. It is mandatory for a company to analyze the current and future competitors of the market, which can impact the business of your company (Fleisher & Bensoussan, 2015).

Industry Analysis

Industry analysis is a technique that helps a company understand its position in the industry and its competitors. Opposite to the competitive analysis, industry analysis provides insight into the factors which should be considered in entering any sector (Dobbs, 2014). These factors are essential to understanding a marketing strategy plan. In small or large businesses, analyzing the industry helps identify the resources necessary for the market and the capabilities that can lead to a competitive position for the company.

Ease Of Entry

This term tells about how easy or difficult it is for a company to enter any industry. It is vital for a company to make sure that it is easy for them to join any industry, as it tells about the ability of a firm to compete in the industry. Ease of entry depends on two factors: competitors' reactions to new entrants and barriers in the market (Dobbs, 2014). The response of competitors towards new business entries in the market depends upon the factor of how the competitors react to the business. It might be an attacking strategy, where the competitors make it difficult for the firms to enter the market, and it might not be as useful to the competitors and allow the new entrants to enter the market (Dobbs, 2014). Based on this theory, we can say that the Ecuador market is less segmented and competitive. However, looking at the mighty competitors for Unilever, it will still be a difficult task for Unilever to enter Ecuador, as the competition from Nestle and P& G there is very high, and the competitors will make strategy parallel to Unilever to prevent them from having a new competitor in the market. However, Unilever can tackle the entry as the company has the right brand image in the customer's mind. The Ecuadorian market is in an active growth structure regarding consumer goods products/brands, and the market has a vast customer database (almost 16.4 million). For this purpose, the competitors acquire fast business growth and identify that the new entrants do not threaten their business.

As far as the barriers to entering the industry are concerned, these barriers are the factors which should be kept in mind when a business has to subscribe to a new industry. In every industry/market, there is always a switching cost for the customer, where the customer tends to pay less for a low-quality product or more for a high-quality product (Dobbs, 2014). Based on this information, Unilever has to manage their products in such a way that the customers do not find it high or low, but in the middle so that they have a vast customer base. New markets also require high capital and economies of scale. Economies of scale mean that the cost of a single unit is decreased due to a significant amount of output produced. Sometimes, it can become dangerous for Unilever as they have to match the quality of their products as well, which cannot be achieved by creating products at the same price as they are sold in other countries. For a start, the costs should be matched with the income of the customers, which is different in different countries.

Power Of Suppliers

One of the significant factors to be considered in the industry is the power of suppliers. It is determined by the number of suppliers which exist in the industry. Suppliers might have bargaining power over the business entity if there are fewer suppliers in the industry (Shockley & Fetter, 2015). Directly, it affects the business flow of the company as the product resources are gained from the suppliers. Suppliers can also move their chain of production to become manufacturers instead of remaining just as suppliers. The suppliers might take the business and become competitors to your business.

Power Of Buyers

The reverse situation is where the buyers have some influence over the business/industry. In this situation, the buyers tend to behave differently because of some reasons. They might have alternate options in the industry to purchase the product; a single customer might have to buy a significant volume of product, which in return demands low pricing from the business or requires additional services from the company while making a purchase (Shockley & Fetter, 2015). As for the industry, it becomes a difficult situation to manage, where they have to offer the best product for the customers with the best service as well. Unilever needs to accept the buyer's criteria because if the consumer goods provider selects a new industry, they have to alter their rules and regulations accordingly. If a customer in Ecuador wants the shampoo with mint conditioner, Unilever might have to manufacture a new brand to match the customers' needs.

Availability Of Substitutes

In an industry where some competitors are working at the same time, it is a known belief that the customers have a lot of ways to buy the product. The companies then analyze their department situations, which do not match the competitors of that industry. For example, a customer might find that he/she can buy the same product at a low price from a different company and move towards it. To satisfy this need, companies change their business strategy because of the threat of substitutes imposed on the business (Shockley & Fetter, 2015). In the Ecuador market, Nestle and P& G are already serving the market, which is categorized as the same as Unilever. Based on this situation, Unilever needs to focus on how its competitors have established themselves in the industry. The strategy might be to serve customers at low prices or introduce the same products as the competitors have launched in the country.

Market Analysis

Market analysis is about the dynamics and attractiveness of a specific market in the industry. It tells about the market in which a company is going to enter or is already in the industry. In the market analysis, companies tend to talk about their strengths, weaknesses, opportunities, and threats. A SWOT makes it more comfortable for a company to analyze itself about the position it is in the market (Pegels et al., 2015). For Unilever, the Ecuador market is selected, and the company is going to enter Ecuador as a new market to offer its product line to the customers. The strengths of Unilever can be considered in the tenure of the company, in which it is serving customers, and in the fact that the company is globalized, serving almost 160 countries already. They have the power of an old brand, which gives a perception of quality in the customer's mind. One of the significant weaknesses of the company is that Unilever is very limited in its diversification, which does not go beyond the consumer goods industry. While entering Ecuador, it should also be a weakness for Unilever that the business depends more on the retailers regarding product placement and overall business growth. Threats

imposed on the company are followed by harsh competition coming from Nestle and P& G, which are their primary competitors around the globe as well as in Ecuador. Opportunities for Unilever are the diverse demographic areas where they can display their brands in the retail outlets of different cities. Innovation in their healthcare products, like lotions, shampoos and other products, should be introduced.

Target Market

Market analysis also includes the target market which is selected for the business to serve the specific customers. It can also vary from different industries and places. As Unilever is a consumer goods manufacturing and production company, its primary business is increasing in various retail stores like Metro, Carrefour, and other small city stores. The underlying target market for Unilever is the population which comes to buy household items from retail outlets on a daily, weekly, and monthly basis. Around 60% of the total Ecuadorian population comes to visit retail stores every day.

Profile For The Main Segment

As the target market is selected for Unilever, the following describes the profile evaluation of the section of the industry:

Key Measures	
Segment size measures	Almost 16.4 population of Ecuador. 60% of these are retail shoppers and outlet visitors (Pegels et al., 2015).
Segment growth	Affected by the population, almost 3.5% of people become residents in different cities of Ecuador (Pegels et al., 2015).
The proportion of the market	Individually, 40% of the population consumes goods for their household on a daily basis.
Description	
Geographic	Majority of the segment are heavy workers, almost working all day and living in the suburbs of the city.
Demographic	Aged from 18-50, well educated, disciplined, single and married, having children, mostly employed, working in flexible shifts.

Psychographic	Most people are social, tend to talk less in public, enjoy travelling, like spicy foods, and are concerned about their careers and future.

Pricing Strategy

Companies tend to use active pricing strategies to make higher profits by selling their products in the competitive industry and marketplace (Huang & Sarigöllü, 2014). For this purpose, the managers focus on a range of factors, which can include the different pricing methods acquired by the competitors, the positioning of the product image in consumers, the demographics of the buyers, and the cost of distribution and production. Companies acquire a lot of strategies to make effective pricing techniques.

- Premium Pricing: premium pricing is used by businesses when they have to launch a new product in the market. The products have a higher price compared to its competitors due to some competitive advantage of the product (Huang & Sarigöllü, 2014). For using a premium pricing strategy, companies tend to place an image in the customer's mind that the product is worth the higher price.
- Penetration Pricing: opposite of premium pricing, penetration pricing tends to offer products at a lower price compared to its competitors (Huang & Sarigöllü, 2014). The purpose of this pricing strategy is to increase the number of products in the market so that consumers can conceive more of the company's products.
- Economy Pricing: also known as the low pricing program, centres its interest on offering low-priced products and increasing the volume of sales (Huang & Sarigöllü, 2014). This pricing strategy is best when a company has a bulk quantity, and to sell those products, companies place them at a lower price.
- Price skimming: in this pricing strategy, the company places its products at a higher price to sell due to fewer competitors in the market (Huang & Sarigöllü, 2014). It is best when there is little competition in the market, but it is not useful in high-competition markets.
- Psychological Pricing: in this strategy, companies tend to use emotional pricing rather than going for a traditional sense of logic for pricing. For example, a best emotional price product will be displayed as $299 instead of $300. It makes a touching perception in the consumer's mind that the product is less expensive than the competitors.
- Bundle Pricing: bundle pricing includes selling multiple products at the same time instead of giving away just one product. This strategy is beneficial for both the company and the customer. The customer tends to think that he/she is being valued for what he/she is paying. Companies get the advantage of freeing up space for new products compared to the products which were not sold separately.

Based on the details listed above, the best pricing strategy for Unilever will be premium pricing. As Unilever is entering the Ecuador market, which means they are expanding their global business where

the company was not served before, Unilever will need to begin with a premium pricing method, as they are doing in other countries. Unilever places its product price higher than that of its competitors to create a sense that Unilever products are of good quality compared to those of its competitors. Unilever will also use the bundle pricing method as its core pricing strategy. Placing a Dove lotion with Lux or Lipton tea with Lipton tea bags can be a useful bundle pricing technique.

Product Strategy

There are a few concepts related to a product strategy when entering any new market or serving an existing market. The product of a company follows a product lifecycle, which is affected by every product in each company (Aras et al., 2017). First, the product starts from an introduction phase, where the product is designed and introduced to the market. With the passage of time, the product gains growth, where the sales and volume tend to rise with speed. By the time the product achieves its maturity stage, the company will enjoy competitiveness over its competitors (Aras et al., 2017). At last, the product reaches a decline stage which might be caused by changing consumer behavior or better products in the market. Companies deeply analyze the life of a product from launching to discontinuing. Each step is linked to the reaction of the customers, which determines the period of a product to be more or less. If the product is doing well in the market, i.e., its growth rate is expanded to more than a year, then the company tries to increase its production and distribution in the local market (Aras et al., 2017). Based on the situation, Unilever has a good customer base all over the world. They have made efforts to increase brand loyalty and improve the image of the products. So, if they are entering Ecuador as a new market, it will help them sustain their products for a long time because Unilever has a good product line, and the company has been in operation for a long time. Unilever's brand, Lipton, was first introduced in the late 1900s and is still in the market. It has not reached the decline phase yet. It means that the company has established a global strategy for its products to stay in the market.

For every new product, there is a relationship between the response from the customers and the product itself (Huang & Sarigöllü, 2014). The local reaction of the customer is influenced by diversification in the product line compared to its competitors. In the consumer goods industry, if the product line is different and enormous from the competitors, it directly increases the response of customers towards the business (Aras et al., 2017). As Unilever serves as a consumer goods provider with a vast product line ranging from foods, beverages, health products, and daycare products, the company is already playing a diversification strategy in their products. The reaction of customers towards the company will be more because they will be getting a vast range of household items in the area. There will be more consumer turnover, which will increase the overall strength of the company. A customer came to buy a Dove lotion and found that Unilever also has tea products. The customer will get a positive influence to buy the product more often.

There is a significant relationship between the company's product and the culture of the area. As different countries have different cultures, companies tend to adopt the lifestyle of that country to

make their product/services more attractive and presentable. Based on the culture, consumer preferences also change regarding business and its products (Huang & Sarigöllü, 2014). For example, an Italian restaurant culture allows customers to smoke in the restaurants, while a US-based religion does not let that. If the restaurant changes its organizational culture to allow smoking in a restaurant in the US, it will change the preferences of the customers as well, and they will move to other restaurants. The same is the case with Unilever. They need to focus on the culture of Ecuador and its literature related to the products consumed by the country. The products of Unilever should have the Spanish language on the design of the products. This factor is most important because 93% of the Ecuadorian population does not know English, and it can affect the overall sales of the company. Unilever will make sure that they observe this culture in their business to make the workplace more effective and adapt to the culture of London.

Unilever is already a multinational consumer goods company, and they have the most desired products to offer their customers. Unilever will focus on using the same product line in Ecuador as well because Unilever's brand lines are established globally. Observing this stance will attract the customers more, as some customers might know about the products which Unilever is offering. Their flagship brands include main foods and household items like Lipton, Walls Ice cream, Dove, Lux and other health products.

Placement Strategy

Placing strategy is one of the elements of the marketing mix, which tells the policy of where and how the companies tend to set their products and services in the market (Datta, Ailawadi & van Heerden, 2017). This strategy ultimately helps in gaining market share and increasing customer purchases. The placing plan is sometimes referred to as a distribution strategy, which includes the outlet/stores, which make it easy for the companies to reach the customers. As for Unilever, there is a need to place their brands in retail stores in the cities of Quito and Guayaquil, where customer interaction is more common due to the large population. For increased sales and effectiveness, Unilever should place its products in retail stores like Quicentro Shopping in Quito (capital of Ecuador) and Scala Shopping Mall in Quito. These areas have more public interaction, and placing the brands on the shelves with the full quantity of Unilever brands can help in implementing the placement more effectively.

As far as the distribution of the operations is concerned, Unilever will manage its distribution the same as they do it in other countries. The distribution process starts from the producer; then it goes to the warehouses in the area, and further passes to the stock controllers. The stock controllers then move the quantity to the wholesalers, which is distributed to the retail stores and then given to the customers (Datta, Ailawadi & van Heerde, 2017). Unilever gets the materials from the producers/suppliers in the market. These materials can include raw materials like plastics and things used in different brands and products. After taking these materials, they are passed on to the warehousing department for distribution, which is taken up to the stockists to distribute to the wholesalers. Further, it is taken to the retailers and then to the customers for sales.

The firm’s supply chain will be handled by forming relations with the inner market contractors, which can help improve the quality of their products (Datta, Ailawadi & van Heerde, 2017). The supply chain of Unilever will cover everything from making the product, product manufacturing, retailing, and giving the product to the customers. The entry strategy for this purpose will be retail selling, which is the most convenient way of entry for Unilever, as the customers and Unilever do not have a third party in between their working channels.

Promotional Strategy

The most critical element in the marketing mix is the promotional strategy, also known as the promotional mix. It is the most crucial part of the marketing mix, as it creates a direct link with the customer base in a specific area (Oladepo & Abimbola, 2015). In the promotional strategy, we are going to discuss the promotional mix strategy which will be acquired by Unilever. As merchandise promotion is essential for a business, it is of great importance that the company manages its development to the customer needs (Oladepo & Abimbola, 2015). The promotional mix consists of public relations, advertising, sales promotion, personal selling, and direct marketing. Acquiring and implementing the right combination of these promotional activities promises high customer demand and achievement of long and short-term customers.

Personal selling is the process in which a company interacts with the customers on face to face conversation or over a telephone to persuade and help in giving the product knowledge. It is sometimes the most effective way to attract a customer for a company which is engaged in personally selling the products to customers (Oladepo & Abimbola, 2015). For this purpose, sales meetings and sales training are conducted for employees to make them skilled in interacting with the customers.

Advertising is a paid representative of a company’s goods and services through a mass medium. It is the most effective way of promotion, which is done by a nonverbal technique of presenting the products and services to the customers (Oladepo & Abimbola, 2015). Advertising can be done using billboards, TV ads, print media ads, direct mailing, brochures, posters, web pages, banner ads, and mobile ads.

Sales promotion is a non-media or media communication which is used to increase customer demand and improve the availability of a product for a limited time. Companies might put promotions on their most running products for a given limited time to increase the revenue of the company (Sagala et al., 2014). Sales promotions can be done by offering coupons, product samples, exhibitions, and trade shows for the customers.

Public relations is the strategy of conveying information about a product or service which is carried by a third party for the benefit of the company itself. It might be free or paid publicity, depending on the mutual interest of both parties. It is the most effective strategy when a company wants a considerable

amount of the public to interact with the product and service of the company (Sagala et al., 2014). Newspaper ads, magazine articles, charity contributions, and seminars can be included in public relations.

Direct marketing is a form of advertising that allows businesses to interact with customers directly through emails, mobile messaging, fliers, promotional letters, and outdoor advertisements (Sagala et al., 2014).

The best promotional mix for Unilever will be advertising and sales promotions. As Unilever enters the Ecuador market, they will make billboard designs in the local areas of Ecuador, specifically in the capital of Quito, where the public is more. These billboards will display flagship brands like Lux soap and Lipton tea, saying, “The luxury household product is in your city now,” followed by product details and a description of the outlet’s location. Unilever can also use Social media advertisements on Facebook, Twitter, and Snapchat where an ad is played when a person is watching a video or playing a game, telling about the entry of Unilever in Ecuador. These ads will also include the product description like introducing Unilever in a specific area to let the customers know that the company is located in which part of the city. Keeping in mind that Ecuador has 93% of the population who speak only Spanish, this advertisement should be in Spanish to attract a larger audience.

For sales promotion, at the start of the business, Unilever will be focusing on giving ice cream or beverage free when a customer buys any product like Surf, Lux, or Dove from the outlet. Keeping the retail store in mind, this promotion has to benefit both the store and the company. The company will be using membership cards, in which the customers can have a 20% discount on shopping for more than 10 Unilever brands at one time. As the brands will be located in retail outlets, Unilever should hire individuals who can make the customers check the product for free. Like, Dove follows a promotional campaign where a customer has to apply Dove soap on one part of the face and any other soap on the other part. After washing the face, the customer has to identify which one is smoother. This campaign can help increase sales more than any traditional way of promotion.

Conclusion

Unilever’s venture into the markets of Ecuador is a way of expansion for the business but involves numerous risks considering the unstable economy of Ecuador. Unilever’s previous markets, such as the United States, are favourable and include high competition, which keeps the company’s success rate top and provides a large market in which to operate. The diverse population of the United States has accepted all types of products produced by Unilever under the four hundred brands owned by the company. However, Ecuador is different from the other 190 countries that Unilever has established. Ecuador’s political history and economic instability discourage the involvement of new business and foreign investments. Moreover, the country’s economic activity is mostly state-owned, with various restrictions and obligations for firms to follow, which has reduced private investments.

There is a high demand for consumer goods such as processed food, personal care, and hygiene maintenance products. Unilever can address this high demand for their products, but there is a top competition from international goods such as Nestle. The country depends on its imports from the United States, which has damaged its economic growth. Moreover, there is very little competition in the domestic market, which means that if Unilever establishes itself as a local company through Greenfield investment, it can dominate the market and contribute to the country's economic growth.

Unilever is one of those giant multinational firms which are favoured by governments. Even though the government of Ecuador wants to focus on the domestic industry, discourage imports, and charge high corporate taxation, it might support Unilever considering the numerous benefits the firm will bring into the country, such as employment, a choice for consumers, increased living standards and contribution towards economic growth. Moreover, the labour in Ecuador is cheaper than in the majority of the countries in which it is produced. Cheap labor, little competition, and potential demand will result in a successful expansion for Unilever into the market of Ecuador. It is vital for Unilever to take account of its marketing prospects while entering the London market. It is beneficial for the company to consider their marketing plans, which will help it increase sales and revenue in the market (Sagala et al., 2014). Alongside the active operations of the company, it is also important to satisfy the marketing needs of the company and match the customer criteria of the market. By following this, it is expected that Unilever can achieve revenue of 40M in the next year, which is based on the number of stores and keeping the economy of Ecuador in mind. The unit sales can be forecasted at 1200 US units, which are also based on individual store performance.

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