

Analysis of Unilever's Branding and Marketing Strategy in China

Lu Zhang^{1,*}, Ziyu Fan¹

¹International Business School, Qingdao Huanghai University, Qingdao, Shandong, China

*Corresponding author. Email: zlu67086@gmail.com

ABSTRACT

This present paper takes Unilever's branding in China as the research object and chooses its marketing strategy to study. By conducting a SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis on Unilever's marketing environment and internal resources and capabilities, the paper explores the current situation of Unilever's brand marketing in China, in order to put forward a targeted improvement strategy to provide reference for Unilever's further development.

Keywords: Unilever, branding and marketing, marketing environment, SWOT analysis

I. INTRODUCTION

Since China's reform and opening-up in 1978, various preferential policies have attracted a large number of foreign investments and foreign enterprises to invest in China. At the meantime, along with the increase of disposable income of Chinese consumers, China's daily necessities' market rapidly expands, which has become the world's largest consumer market of daily necessities, one of the most promising industries in the foreign-invested industry. The survey found that since 2009, total daily necessities sales in China have been on the rise year by year, and in 2019 the industry has occupied a market of 400 billion. Unilever, as the first foreign-funded daily necessity enterprise to enter the Chinese market, has an empirical research and development technology, excellent product quality, and perfect business strategy, and has become an important part of China's daily product market.

II. SWOT ANALYSIS OF UNILEVER'S BRANDING & MARKETING

A. Strengths

Unilever has strong financial capacity, production scale and economic capacity to maintain long-term and stable development. Its China-based companies can benefit from low interest rates and high loans, reducing the company's capital costs and maintaining its sustainable capital operations. Multinational companies, in general, need enough money to cover the marketing costs of new products and innovation. Unilever, as one of the global top 500 historically, has a higher capital advantage than many local commodity companies in China.

Unilever has a broad market in China and a large number of employees, most of whom are involved in product development. At present, it has set up a special research and development facility in China to recruit highly educated personnel. It can be said that Unilever attaches great importance to product innovation and research and development, a number of product patents and trademarks as intangible assets. The corporation has a unique advantage of technological innovation.

For the first to enter the Chinese market, Unilever, in the eyes of Chinese consumers, achieved a good brand impression, whose products were also favored by them. Unilever has the advantage of multi-brand. The products involve in food, personal care, home care, water purifiers and other industries. With the expansion of market operations, the company focused on the market segments. It contains the market share of almost all household goods and food with many well-known brands, such as Dove, OMO, Clear, Lux, Hazeline, Comfort and so on. Due to the various brand-name products for different consumer groups, Unilever has a wide range of markets in China.

The above capital, research and development, and multi-brand advantages enabled Unilever minimize operating risk. And each business can achieve break-even with each other, ensuring its commercial viability and expansion capacity in the market. In addition, Unilever adopts a diversified business strategy, using channel re-integration and marketing integration to reduce operating costs. For huge multinationals such as Unilever, when facing market fluctuations or decision faults, they can resolve the problem and remedy it in time.

B. Weaknesses

As a brand investment, Unilever's marketing in China has been still in line with Western marketing

theories to establish a management system for its customer business, that is, it emphasizes too much on the high degree of consistency for its internal values. The tactics, ignored the differences between Chinese and Western cultures, has resulted in divergence in the quantitative value chain among consumers. That's why directly copying Western marketing management experience has plenty insuperable limitations.

Unilever has more competitors than other investors in the Chinese market, such as P&G, L'Oreal, etc. The company would be easily gotten into passive price competitions and the activity trap of promotion sales. Taking strategy to further capture the market and improve marketing effectiveness may bring about retaliation from competitors that would trigger a price war. This could lead to damages to both parties, pursuing competitive advantage in the market at the expense of existing interests, and that also may result in encountering competitors' bundling selling and obstruct new products' entry into the market.

The improvement of consumer demand, the pursuit of individuation and diversified consumption needs in China require Unilever to speed up the launch of new brands, and seize the fresh needs of consumers. For example, P&G's updated product meets the current female consumers basic needs in the clothing cleaning further to retain the fragrance. Yet, Unilever did not rapidly get hold of this dynamic opportunity. The resulting consequence was the lag of new products, delayed research and development.

C. Opportunities

According to the analysis of macro-environment for the Chinese market, it can be found that China's political policy is to encourage opening up to the outside world in order to attract foreign investment. In recent years, China's supervision of daily necessities and food is more stringent, and the government has issued a number of policies to regulate the development of foreign-owned enterprises. Nevertheless, from an overall perspective, the political environment is conducive to Unilever's marketing development in China, and under the policy support and preferential policies, it could capture lots of development opportunities.

As China's economy takes off, the number of Chinese consumers has increased greatly while they ask for higher qualities of life than it used to be. Economic boost has not only brought about an expansion of bourgeoisies, but a rise in the level of national consumption. The demand for daily chemical products is becoming more diversified and the quality needs of their products are growing stronger than before. In order to conform to the quality of life for consumers, products need to be innovated, which provides opportunities for Unilever to expand the market.

The rapid development of mobile Internet brings a new round of marketing performance for the domestic and foreign daily chemical product market. Some small brands even grew up with the help of Internet channels. The quality assurance of network products will be attracted by customers, just like the convenience of on-line purchasing experience. At that point, it offers Unilever product marketing channels more choices, broadens the scope of marketing, and further expands the operating scale.

D. Threats

Procter and Gamble, as the number one rival, has a relationship of competition, mutual transcendence and common progress with Unilever in the development of the Chinese market. P&G and Unilever together occupy half of China's daily chemical product market. Besides P&G, there are L'Oreal and other daily products companies, all main competitors existed. At the same time, with the continuous upgrading of products innovation and abundant consumer shopping channels, more overseas brands stepped into the consumer's vision, such as Italy's deluxe toothpaste, Shiseido from Japan and also affordable and popular Chinese local brands.

Unilever's principal marketing strategy in China is to use local policy support and socio-economic background to quickly expand the Chinese market with its technological advantage. But the rise of China's internet and mobile communication, the transformation of daily product sales model seems to make inroads into Unilever's traditional marketing methods to a certain extent. This requires the corporation to change its marketing model as soon as possible and make the right use of the newly arisen thing of the Internet industry, which constitutes both opportunities and threats.

III. UNILEVER'S MARKETING STRATEGY IN CHINA

A. Multi-brand strategy

If an enterprise produces a commodity on a single scale, it often has the advantage of saving production costs and improving production efficiency. However, as people's needs become more diversified, enterprises often do not choose an absolute single brand strategy, in particular when expanding market share and the size of the enterprise. Unilever has two product lines since its inception. With the expansion of production and operation scale, it launched a variety of products according to the needs of different consumers market segments. The company now has hundreds of brands around the world, dozens of which can monopolize its category.

B. Brand extension strategy

For Unilever's longtime rival in daily chemical product industry, P&G, Unilever did not simply use the

same "one-product multi-brand" strategy, nor from the front to fight the price war. It implemented the offensive strategy side-on, that is the implementation of "brand extension" strategy, leading the market consumption trend. For example, based on its brand "Dove soap" moisturizing characteristics, Unilever timely launched extended products through the brand extension strategy, that is, a moisturizing skin shower gel. And a large number of soap customers will continue to buy this new product. This approach is mainly to use the influence and reputation of the existing best-selling products, on the one hand to fill the vacancy in a part of Unilever's product market, so as to meet the consumer's willingness to spend. On the other hand, that strategy would help improve the visibility of Unilever brand, cultivate the brand in the consumer's goodwill, and ring-linked, in the competitive market, quickly realize brand value-added.

C. Brand focus strategy

It estimated that of Unilever's nearly 500 brands, the largest contribution to corporation profits is just over 100. With these 100 dominant brands, the company's annual profits are also rising. Unilever is also based on this status quo, playing the "small makes beautiful" slogan. It initially focused on well-know, large-scale, highly localized brands, like Lux and Chung Hwa, then chose the OMO, Clear and other good market prospects brands to attract consumers for centralized operation, and the rest brands got eliminated. The corporation's brand focus strategy of flagship products is more attractive to consumers and more reliable than traditionally general brand strategies.

D. Research on localization strategy

Unilever's localization process is mainly based on the development of local brands. In the innovation of brands and localized marketing, Unilever's localization strategy in China focuses on the acquisition of influential brands in the local market, and then its merger and transformation, that is, the acquisition of local brands — packaging transformation — re-market. For example, Unilever washing products, the "Chung Hwa" toothpaste, food brand "Chef Choi soy sauce" and so on, make full use of the influence of the original brand to promote Unilever's local brand image and product promotion through the acquisition and retention of these traditional brands. Unilever concentrates on enhancing brand influence based on consumer demand, pays attention to new media platforms in the construction of marketing channels, also it is good at grasping the media usage habits of target consumer groups, and improves consumer awareness, demand and loyalty to the brand through the localization of the brand.

E. Promotional advertising strategies

Advertising, as a regular means of promotion, is naturally one of the essential strategies of Unilever's brand marketing in China. According to statistics, Unilever spends more than 42.425 billion Chinese yuan annually on advertising, of which about 7,071 million yuan is invested in China as advertising expenses. In addition to product innovation, Unilever also attaches great importance to advertising innovation. At the same time, considering the consumer's acceptance ability and mode, it also combines products and local culture, reflecting the competitive advantage of their own products compared to similar products, thereby winning the market and consumers' favor. In addition to investing heavily in advertising design, Unilever often adopts promotion measures to stimulate consumers to spend.

IV. PROPOSALS FOR UNILEVER'S BRAND MARKETING STRATEGY IN CHINA

A. Continuous updates on new products

Innovation has always been the source of profit and progress for all companies. As a result, Unilever should invest more in ways to upgrade its core products, expand both numbers and design of its stores and advertising spending. In particular, the way to expand advertising investment would not be like investing in the traditional media investment for the channels of advertising, but to further opening up new channels such as TikTok for target product advertising. Generally, for the quality of advertising, product advertising no longer takes fatigue bombing publicity, but based on consumer psychology, grasps the product suitable elements for consumers to design related product advertisement.

B. Increasing investment in research and development while focusing on collaboration

Unilever's lack of investment in product research and development and its low share of total funding for product innovation and development, have limited the development and application of similar products. The company should fully realize the situation, if it wants to continue occupying a place in the Chinese market. On the one hand, it is needed to maintain and even strengthen product innovation, that each year a certain percentage of profit should go into product R&D. On the other hand, it might take "brand" as the core of the company's development. On the basis of increased research and development, Unilever should also pay attention to R&D cooperation, that is an open-up innovation model with the collaboration of external research and development institutions, common researches, tandem suppliers, consumers and competitors to jointly innovate products. Such methods to attract, collect, analyze and integrate innovative technology to make good use of advanced technology

for their own use, consequently would truly improve the company's competitive advantage. At the same time, collaboration has the benefit of reducing research and development costs, increasing the probability of success, reducing possible risks, and greatly reducing the time Unilever needs to find innovation point and promote it to the market.

C. Optimizing network marketing

The rise of Internet in China caused a distinct transformation in the way people consume, e-commerce has become an important channel for current consumption. Unilever as a long-term offline marketing brand, should actively respond to it and change the marketing strategy for the new shopping methods, and strengthen online marketing, taking online and offline synchronous marketing strategy. In detail, knowledge marketing can be used. To strengthen product publicity, Unilever could implant its brand information and network advertising on the network micro-blog, WeChat friend circle, Tiktok and other network platforms, which can help to gain services and core values for products purchased. In particular, the corporation need lay emphasis on online and offline combined marketing model, which aims at enhancing the brand value, and establishing the integrated marketing channels applying information systems and data technology for dominant brands.

V. CONCLUSION

This paper discusses Unilever's brand marketing status internally and externally, analyzes its strengths and weaknesses, and the opportunities and threats, and then integrates and analyzes the company's current marketing strategy, thus proposing improvements to Unilever's current marketing strategy in China. It is hoped that the research of this present paper will help Unilever to improve its marketing strategy. Owing to the lack of comprehensive data within the company, the research of the article still has some shortcomings.

References

- [1] B. Huang, Comparative Analysis of the Strategic Strategy of Procter and Gamble and Unilever Brand, *Cooperative Economy and Technology*, 2019(24): 104-105.
- [2] G. Zhang et al., Research on the localization communication strategy of Procter and Gamble and Unilever, *Advertising Grand View (Theoretical eds.)*, 2019(05): 62-70.
- [3] J. Wu. *Marketing*, Beijing: Higher Education Press, 2004.
- [4] L. Ding, Study on the Relationship between Transnational Corporations and host Governments (Dissertation), Shanghai International Studies University, 2017.
- [5] M. Zhang, Advertising Marketing Innovation in FMCG-Analysis of Unilever and Procter and Gamble, *Modern Marketing (Campus eds.)*, 2013(06): 75-76.
- [6] P. Xiao, Unilever's multi-brand strategy, *Enterprise reform and management*, 2011(11):65-67.
- [7] T. Gao, A study of Unilever's international business strategy, Northeastern University of Finance and Economics, 2012.
- [8] W. Lin, Unilever's "China Lessons", *China's Industry and Information Technology*, 2019(Z1):78-83.
- [9] Y. Chen, Unilever and Procter and Gamble's multi-brand marketing strategy, *TIME Economics and Trade*, 2008(01):160-161.