

Agile Brand Marketing Strategies of Hindustan Unilever Limited (HUL)

Amitabh Tapadar

Research Scholar

Pacific Academy of Higher Education and Research University, Udaipur

Dr. Ankita Kothari

Assistant Professor, Faculty of Management

Pacific Academy of Higher Education and Research University, Udaipur

ABSTRACT

HUL has a powerful and agile marketing strategy which cuts across key elements such as its customers, cost, communication & convenience. All its individual brands have distinct brand names, however, each fit into the global parent, Unilever's plan around its logo, philosophy and messaging. This explains how HUL has been able to gain a leadership position in the minds of India's customers.

As a dominant brand, it has strategies to cope with challenges from regional brands, both during rising and reducing inflation. HUL has over the years, also perfected a purpose statement for each of its brands, which include greater social good, thereby enhancing brand stickiness. A powerful SWOT analysis of HUL shows how it has been able to capitalize upon demand for premium consumer goods with rising income levels. HUL also uses a strategy of product differentiation by which its brands have a positioning which is higher than the product benefits that competitors in similar categories offer. In addition to all the above, HUL has driven a social revolution in rural India, empowering women as Shakti Amma product champions while extending their rural distribution reach.

Keywords: Marketing Strategy, SWOT Analysis, Brand Purpose, Product Differentiation, Rural Reach

Introduction

India is a complex market with different customer needs and diverse cultures. Indeed, there is a change in dialect every 50 to 100 kms! For one company like HUL to dominate this vast population in as competitive a category as consumer goods, and to combat strong regional players is no mean achievement.

In this paper, it is proposed to study the branding strategy of HUL through a detailed review of literature, which will bring to light the secret ingredients that HUL in India and Unilever globally has used to achieve and maintain its leadership position.

Literature Review

Anandhi, T.R., & Dhurga K., & Dipika, B., & Divya, dharshini, S., & Gayathri, S. (2023) explain how the strength of HUL in India and globally is driven by a set of 8 power brands. Also, it leverages upon its global strengths like product ingredient sourcing & supply chain to beat regional players.

Fatyandri, A.N., & Defen, Deviana Lie, & Jason, Jesty, Jolin (2023) state how HUL has over the years been using differentiation as a key strategy to ensure customer selecting them over the competition through incorporation and highlighting of differentiating product features.

This has been of more importance when customer spending bounced back after the COVID 19 depression of consumption.

Chauhan, I. (2023) highlights how HUL has been overcoming rapid change in customer tastes and preferences in the fast-moving consumer goods industry. Another competitive trend that HUL is adapting to is the emergence of natural and organic product firms like Patanjali. New distribution models used by HUL to penetrate rural markets more successfully are one of the initiatives used.

Shastri, A. (2022) says that HUL and its global parent Unilever have been driving the twin strategies of costs management and good product development for market dominance. This is combined with well-developed and widespread publicity campaigns along with well differentiated product positioning.

Fernandes, D.L., & Shailashri, V. T. (2020) explain how HUL achieved the dual objectives of empowerment of the female rural population along with expanding its product reach to small rural villages across India. Despite challenges in terms of training the women 'Shakti Ammas' and sensitizing the channel partners involved, the project has been a win-win and improved rural household living standards along with financial stability.

Narayanan, S. & Das, J.R. (2022) talk about purpose branding as a marketing concept has gain credence across the years and how HUL uses this for its brands in order to capture customer loyalty. It provides increased value to all the stakeholders involved and also increases economic returns for HUL.

Cheng, Y. (2021) posits that despite the reverses of the COVID pandemic, HULs' global sales have shown only a marginal decline and its financial strength is intact, primarily due to its normalization strategies. A SWOT analysis also concludes that HUL has a powerful chance to

develop its business despite a pandemic, driven by its own internal strengths.

Kesarwani, H., Nagar, A., Chaudhary, J., Singh, T., (2021) explain how HUL has developed its rural marketing strategies and the challenges that it faces in a vast country like India. The study assesses the potential of rural markets in India and examines the advantages and disadvantages that such multinational brands face when attacking this market segment.

Reza, M., (2020) talks of how HUL's parent organization Unilever approaches its entry to a new geography. It typically exploits global synergies that it enjoys over localized strategies. Backed by the power of its 8 global super brands namely Dove, Sun silk, Clear, Pond's, Vaseline, Magnum, Rexona, and Lux; it focuses on establishing a brand image that is uniform from country to country.

Jayde, G.S., (2019) examines the effect of pricing for HUL as a result of GST introduced by the Government of India. Considering the Amravati market, the paper examines whether customers will accept or reject the pricing adopted by HUL, and the pricing strategy adopted by it.

Business Problem

There is a plethora of brand architecture models such as branded house, house of brands, brand architecture continuum from line brands right up to product brands. However, in the absence of practical utilization of these very essential concepts, their application remains nebulous. This paper seeks to solve this problem by examining how HUL utilizes the endorser brand strategy which i) promotes the individual brands as well as ii) supports them through the HUL mother brand.

Methodology

The literature review methodology has been used in this paper wherein real-life examples of

branding strategy of HUL across different business challenges and scenarios have been studied. Inputs have also been taken from official communication by HUL on its website, to support the narrative derived from study of the literature review papers.

Results & Discussion

Anandhi, T.R., & Dhurga K., & Dipika, B., & Divya, dharshini, S., & Gayathri, S. (2023) discuss how HUL has come into preeminence as India's largest fast moving consumer goods company, which impacts the lives of two out of three citizens with its wide spread of over 20 distinct categories across home & personal care products and food & beverages. They endow the company. This provides HUL with a scale of sales volumes of 4 million tons generating sales value of over Rs. 13,000 Cr. Unilever, the Anglo-Dutch parent, accounts for a majority stake (52%) in HUL.

The various steps in the purchase decision process of the typical Indian customer are also described in keeping with the wide choice that globalization today offers to the Indian customer.

Recency of purchase and brand loyalty are two of the critical decision-making criteria out of the seven steps.

The study also posits that similar to typical FMCG market penetration strategy, the customer's ability to access product is key. Hence HUL focuses upon ensuring its placement (availability) across the maximum number of retail outlets in variety, so that it can dominate the shelf space.

A financial analysis of HUL has also been carried out, which reveals that HUL is doing well in terms of financial ratios and trends of financial parameters, though some critical ratios like liquidity, solvency, profitability are going slightly down. However, this can be ascribed to the rising competition from local manufacturers, who often profit from both rising as well as reducing inflation! During rising inflation, consumers prefer cheaper products to reduce their spends. During reducing inflation, cost of raw materials goes down, hence local manufacturers get more margin which allows them to expand their distribution reach beyond their immediate neighboring markets.

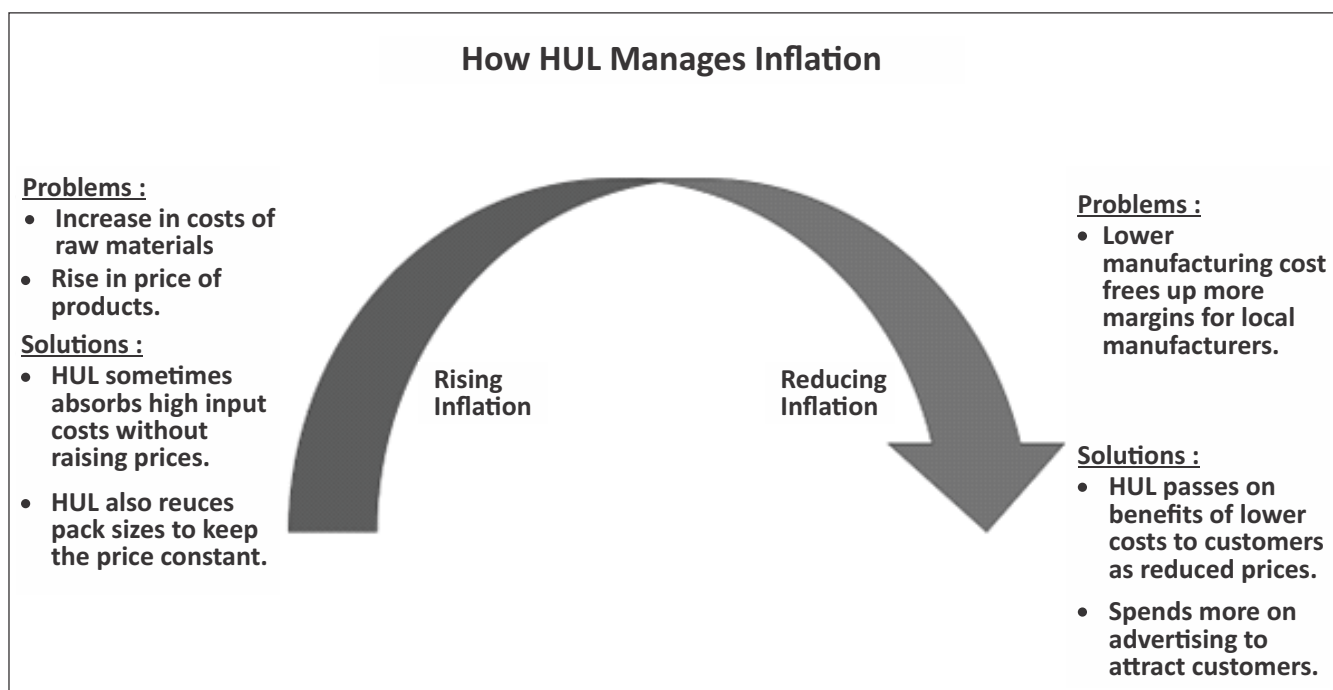


Figure 1

HUL has been consistently improving its product quality over the years to allow its vast base of Indian customers (9 out of 10 Indians) have a better and healthier future. It however needs to be conscious of environmental sustainability because its vending machines and different denomination of pack sizes produces significant plastic waste.

Fatyandri, A.N., & Defen, Deviana Lie, & Jason, Jesty, Jolin (2023) say that despite many companies doing poorly during the COVID 19 pandemic, HUL globally not only weathered the storm but also has made a robust comeback post the pandemic. They ascribe this success to two main initiatives taken globally, including India. The first is the rapid normalization of its category sales post COVID. The second is the differentiated product strategy that HUL follows, which made its products competitive and sought after, when customers renewed their purchase behavior.

The pandemic has created its own disruptions in the fast-moving consumer goods (FMCG) market, some of which are temporary, and some permanent. Among the permanent changes made in customer behavior is the conviction that it is worthwhile leading a more clean, hygienic and relatively contactless everyday life. The contactless element has also given rise to more online shopping and staying at home.

The recovery from the pandemic in terms of customer purchase behavior has been sharper than expected. Though customer sentiment is still a bit low, sales of all categories have normalized, which HUL has structured into the following categories:

1. **COVID Obsessive:** These include hand washes and hand sanitizers. Hand wash as a category saw 150% growth in sales during the pandemic while hand sanitizer sales grew by a whopping 16 times in 2020! These

sales have subsequently normalized.

2. **COVID Resistant:** These include hand, body and face care products, and are supposed to normalize upwards to their previous sales levels and beyond as greater mobility of customers increases their usage.
3. **COVID Impacted:** Categories such as ice creams, vending businesses and food solutions will likewise make a strong rebound as consumers pick up their life pieces and go about more. There is also an element of revenge shopping which will come in as customers will buy more than usual to make up for their frugality during the pandemic.
4. **COVID Relevant:** Categories such dishwash, tea, toothpaste and shampoo were already back to pre-COVID levels by 2021. The usage of these products is linked to hygiene or building up of resistance. HUL has for example, branded its Brooke Bond Natural Care Tea very cleverly in terms of having 5 natural ayurvedic ingredients which build up immunity.

HUL has over the years been using differentiation as a key strategy to ensure customer selecting them over the competition through incorporation and highlighting of differentiating product features. For example, Dove soap fulfills the craving of customers for soap bars that do not leave their skin dry. Hence even though Dove sells at a premium compared to competition, as the latter focus on generic product features like cleaning rather than moisturizing.

This differentiation philosophy is also evident in its new product development strategy. For example, new variants of HUL's personal care products have been launched repeatedly to increase its market share and cater to evolving customer needs.

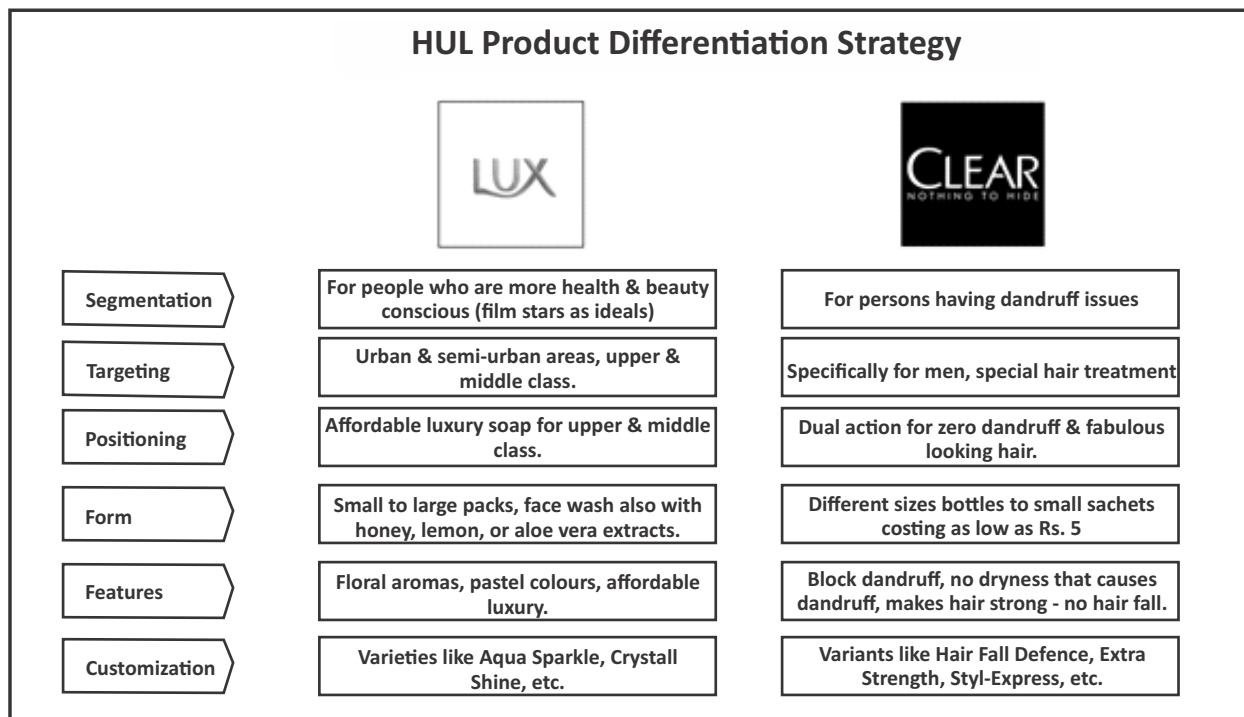


Figure 2

Shastri, A. (2022) says that the Unilever (HUL's parent) branding strategy is a legacy of the way how the organization has grown over the past 138 years, through mergers and acquisitions which have often exploited synergies in similar raw materials, target customer segments, and comparable distribution channels.

The branding value system follows the narrative of assisting individuals to get more out of their lives, for example, cutting the time spent on family tasks, improving nourishment, empowering individuals to appreciate food and deal with their homes, their garments and themselves. This has tied in nicely with the trends of nuclear families, dual income couples, that industrialization has brought in world-wide.

HUL in India drives its marketing through a powerful advertising strategy that slices across different customer segments as well as stages of purchase, utilizing modern social media campaigns. It has a powerful relationship with channel partners, ensuring that their product is

prominently exhibited and accessible. It is actually evolving into an omnichannel player wherein customers can experience the organization's products from any place and also buy from any place.

HUL partners with governments, NGOs, etc. to drive change that is useful for society while being useful for business. Project Shakti for example, has empowered females in rural areas as individual entrepreneurs, in the process also setting up a unique distribution model to assist their efforts. In Ghana for example, HUL has aligned itself with a mission to promote adequate iodization levels to prevent Goiter through Annapurna salt.

HUL follows a strict endorser brand strategy wherein it ensures that that the mother Unilever brand is globally notable. All its individual brands have distinct brand names, however, each fit into the Unilever plan around the logo, philosophy and messaging.

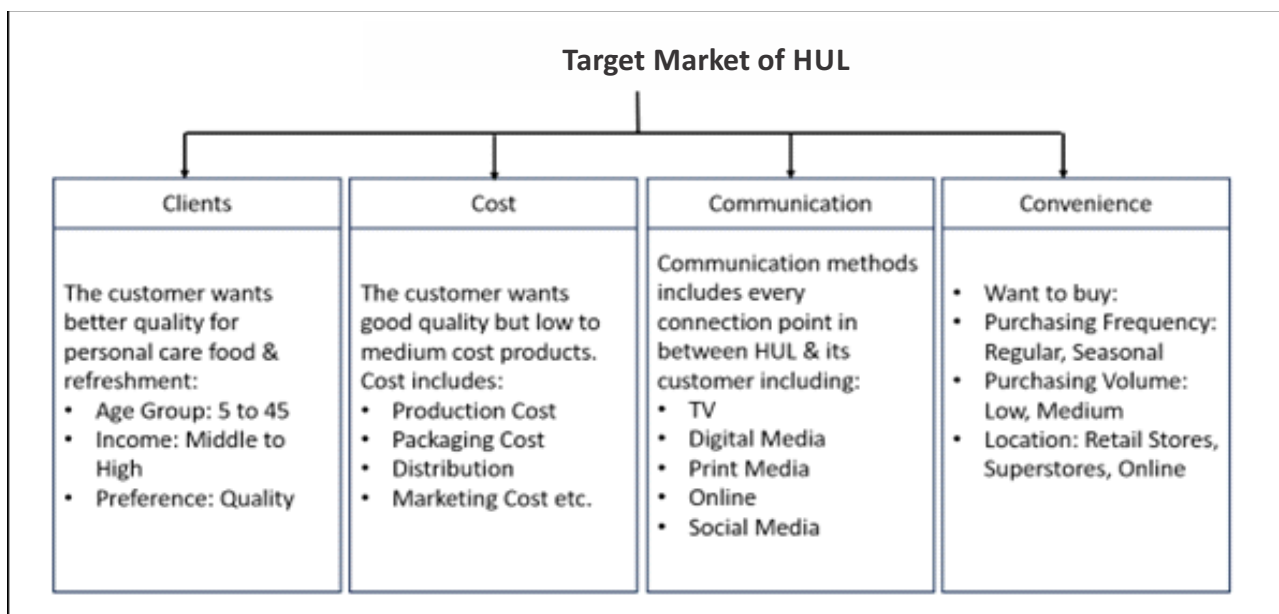


Figure 3

The customers of HUL are segmented into different classifications on the basis of ages, pay, and what HUL can provide to them. All age groups make to HUL's customer base. The age range for the individual and home sector is 14 to 50, while the income range is medium to high. The age group for the food division starts at age five and has a preference for healthy and delicious foods. The cost of the outcomes that Unilever adds to the manufacturing, packaging, promotion, distribution, and so forth is a cost that is also factored into product prices. Although Unilever uses a variety of communication channels and actively explores and evaluates new ones, its consumers still purchase goods from physical stores, hypermarkets, internet retailers, and other outlets. Additionally, Unilever makes deliberate efforts to enhance its retail spaces in comparison to those of their main rivals.

Narayanan, S. & Das, J.R. (2022) say that purpose marketing as a concept has gained credence in recent years and has radically changed how organizations like HUL have repositioned themselves to make themselves more relevant to their customers.

A key study conducted by an independent media

agency (Havas) across 33 countries and 33,000 respondents has found that customers would not miss a heartbeat if up to 74% of the brands that they are currently using were to disappear tomorrow! HUL has taken this lesson to heart and through its purpose branding, has made its unique position in the minds AND hearts of its consumers, this approach has contributed to 75% of their business growth.

A good example of this thought process is the #ShreeGaneshApnepanKa campaign that HUL had launched for its Brooke Bond brand of tea, which was inspired by real-life stories and sought to address deep rooted religious prejudices. It encouraged people to discard the borders of nations and come together to celebrate. Inclusiveness over a cup of tea is a key brand purpose that Brooke Bond has, and it is brought to life by utilizing contexts like in this case, Ganapati puja.

HUL has taken care to keep evolving with the changing times to remain relevant to its new customers, but at the same time, has remained rooted to its purpose and values, thereby resolving the conundrum of lasting stability with continuous change! This is achieved through a

deep understanding of their customers, a strong and consistent purpose, executed through superior marketing campaigns. The overarching purpose for HUL in India is to make “sustainable living commonplace”.

Surf Excel for example consistently hammers home the message of “dirt is good” through different narratives from people's lives, while Brooke Bond as described above, helps ease social barriers through the context of sharing a cup of tea. The success of this strategy is there in the fact that some of the HUL brands are decades old but keep being relevant to their existing as well as upcoming customers.

HUL has globally embraced the concern for environment and married it with its corporate objectives to drive sustainable development as its corporate purpose.

One of the methods by which HUL globally has been able to retain its leadership despite stiff regional competition is through scientific and rigorous brand rationalization. Its basket of more than 2,000 brands in the 1990s has today been trimmed down to 400 global power brands. Today 80% of HUL's revenues come from 20% of its core brands.

HUL globally also has a policy of indigenization



Figure 4

Cheng, Y. (2021) says that the demand for high end consumer goods has been increasing with rising economic prosperity across the world. This agrees well with HUL's product category presence across everyday product baskets namely Home Care, Beauty & Personal Care and Foods & Refreshment. HUL is also entering higher end categories like health management. As part of its purpose driven marketing however (as also described in the preceding paragraph),

through taking up its employees from institutions in those respective countries. It also has a history of acquisition of local brands, like Tata Oil Mills (TOMCO) in India. This provides the “Hindustan” flavor in HUL.

HUL also has a policy of driving lower prices since 2009. This strategy has also been explained in the earlier section on how HUL battles inflation, however reducing prices to fend off competition is a slippery slope as it goes against

the tents of brand building wherein the customer's willingness to pay a premium for branded product is slowly built up over decades and a price cut can lose one all that carefully gathered advantage.

HUL also has a policy of depth and width in its product portfolio. Width means the number of sub-categories within the abovementioned 3 product baskets. Depth implies the number of brands within these sub-categories. This allows HUL to provide a number of brand options within a category for the shop keeper and the end customer. For example, even within the shampoo category, HUL has brands like Sunsilk, Clinic, Dove and Indulekha across different price points and with different positioning. This becomes a real threat to competition as a HUL aligned shopkeeper is convinced that he does not need to stock the competition as HUL can provide him with the full range of variety.

All this is brought out through a SWOT analysis of HUL.

Fernandes, D.L., & Shailashri, V. T. (2020) talk of how HUL as the leading FMCG player in India, has taken its responsibility to generate demand in rural markets and reach product to their family's doorsteps very seriously.

Its Project Shakti simultaneously expanded rural distribution reach while generating meaningful employment for the women population. It was a tall order for HUL as it had to expend considerable time and expense in training. HUL also needed to sensitize the channel partners involved as they needed to provide HUL products in small batch sizes in high frequency to the "Shakti Ammas". Also there needed to be some easing of the payment terms to allow these entrepreneurs to do business on less of money invested.

It was also a "stitch in time" as the reverse migration to rural areas during COVID 19 brought with it a demand for premium products of HUL through these customers who had acquired a taste for the same in their urban

HUL Marketing SWOT Analysis

<p>Strengths:</p> <ol style="list-style-type: none"> 1. Brand visibility – Variety in product range and assortment of pack sizes to gain shelf space in retail outlet. 2. Market leader in Consumer Goods – Used by 2 out of 3 Indians. 3. Innovative FMCG Company - Continuous innovations in products & manufacturing processes. 4. Extensive & integrated distribution system - 4 tier distribution system namely a) Direct Coverage, b) Indirect Coverage, c) Streamlined rural reach, d) Project SHAKTI AMMA which targets the very small villages. 5. High Brand awareness - Positive word of mouth through powerful brand ambassadors. 	<p>Weaknesses:</p> <ol style="list-style-type: none"> 1. Decreasing Market share - Competitors focusing on a particular product & eating up HUL's share, like Ghadi & Nirma detergent eating up HUL's wheel detergent market share. 2. Large number of brands in different product categories - Sometimes having broad brand portfolio can lead to confused positioning. Price positioning in some categories allows for low price competition like AMUL captured Kwality's market share.
<p>Opportunities:</p> <ol style="list-style-type: none"> 1. Expanding market - By penetrating more in the rural markets through its project Shakti AMMA and transition of unorganized business to organized one will lead to further expansion of the consumer goods market. 2. Awareness in usage rate of consumer goods - People getting more aware and conscious about the usage may be through advertising /word of mouth /doctor prescription. 3. Increasing Income levels - Due to stable political scenario, improved literacy rate & controlled inflation, disposable income of the people is increasing thereby resulting into upsurge in demand & changing their lifestyle. 	<p>Threats:</p> <ol style="list-style-type: none"> 1. Competition in the market: With increasing number of local & national players it's becoming very hard for the companies to differentiate themselves from others. 2. Price of commodities: Increasing price of commodities will result in further increase in the price. Further increase in price will result in decrease in sales, margins & brand switching. 3. Buyers power: With highly diversified consumer goods market where there are lots of brands claiming different sorts of benefits, it's very difficult for consumers to stick to a particular brand & hence results into brand .

Figure 5

addresses. This demand was satisfactorily met through Project Shakti outreach. It was hence a double advantage for both HUL and the female entrepreneurs as the following numbers indicate:

- Over 1.6 lakh women entrepreneurs participate in Project Shakti, HUL plans to add 0.25 Lakh women members each year
- Present in 18 states across India
- Expanded HUL distribution reach from 1.25 lakh to 1.75 lakh villages (20% rise)

HUL was founded in 1933 by the Lever Brothers. It was established in India as Hindustan Lever Limited (HLL) in 1956 through the agglomeration of many Indian organizations like Tata Oil Mills (TOMCO), Lakme, others. It has also over the years, brought in its world leading brands like Lux, Lifebuoy, Glow & Lovely. HUL has gathered fame for rural marketing initiatives like “Project Shakti” and “Kan Khajura Tesan” mobile marketing initiatives for India's rural markets. As of 2023, HUL is India's top FMCG company, enjoying diverse product lines and market penetration.

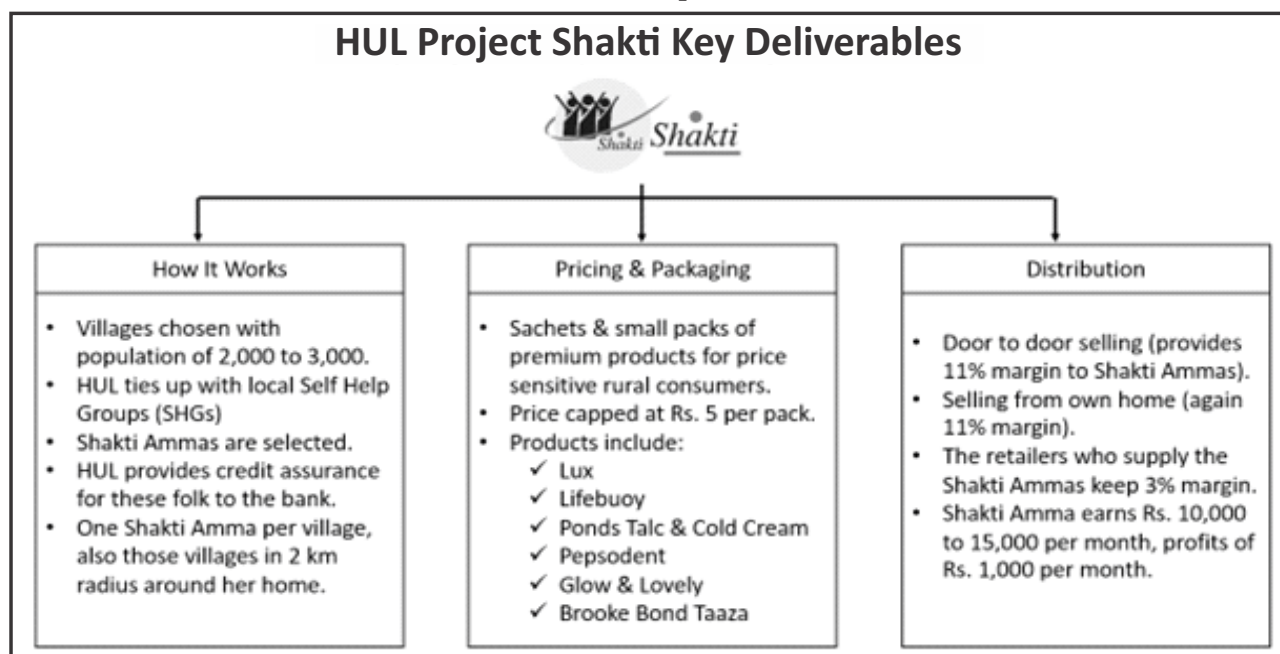


Figure 6

Discussion

HUL as a global brand has many business advantages. But India is a diverse market where dialects and customer preferences change every 50 to 100 km. Also, it has a strong rural market where population is spread across vast distances. There are strong regional players who ride upon current trends like organic and natural products. Overcoming all these is a challenge, which HUL seems to be doing. This paper seeks to showcase some of the strategies that HUL has used to overcome these difficulties faced.

HUL sees a tremendous scope for growth and development of the Indian population. For example, employment has risen only marginally, also rural productivity has vast scope for improvement compared to similar countries like Brazil. This will translate into increased demand for FMCG goods. HUL is geared up to encash upon these rising trends by investing in sustainable products, more strongly embedding social purpose into its leading brands, and reading customer trends through its social media listening and data analysis initiatives.

Findings & Conclusion

We have examined the marketing initiatives of HUL through 6 key literature review instances along with another research:

- Knowing the key business stakeholders namely client, cost, communication and convenience helps understand the customer preferences and accordingly craft marketing and distribution strategies.
- India is a developing country, also the recent global challenges like COVID 19 and the Ukraine war have created cycles of rising and reducing inflation. HUL has successfully evolved strategies to cope with both these circumstances.
- In order to survive and thrive amongst a plethora of strong regional competition, HUL has perfected the art of brand purpose, i.e., to ascribe a higher order reason to exist, which goes beyond the functional benefits that its products provide, thereby differentiating itself.
- A powerful SWOT analysis of HUL shows its capabilities. One of the finest of its strengths is the width and depth of its product offerings. Width here refers to the number of categories within FMCG that it exists in, and depth is the number of brands that it has within each category. This allows HUL to dominate the shelf space of the retailer.
- HUL has consciously built-up product differentiation through its segmentation, targeting, positioning, form, features, and consumption. This allows it to earn a premium compared to competition through pinpoint resolution of customer wants, rather than generic functional benefits broadcast by its competition.
- HUL has played the dual role of enhancing its distribution reach in rural markets along with strengthening the financial independence of rural womenfolk through its Project Shakti program.

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