
INTERNATIONAL A-LEVEL

BUSINESS

UNIT 3: BUSINESS STRATEGY

Insert

Source One: Marason

Source Two: Unilever

Source One: Marason

Section A, Question 1

Marason is one of the world's biggest online retailers. It sells and distributes products in over 150 countries. Marason's objective is to gain a high market share in each of the markets that it operates in. It keeps prices low and accepts it will have low profit margins. Its managers believe that if the company focuses on growth it will generate greater shareholder value over time.

Marason has invested heavily in technology. This technology enables it to collect and analyse huge amounts of data about the customers who use its website. It makes good use of big data to understand and anticipate customer behaviour; this affects all its activities including marketing and inventory control. Over the years Marason has increased the product range it offers. It continues to develop its ordering and delivery systems to improve its customers' experience.

Marason tries to reduce costs at all stages of its production process: from its suppliers, to its warehousing and its distribution. Some commentators worry that Marason's focus on achieving low costs could lead to unethical behaviour in relation to some of its stakeholders.

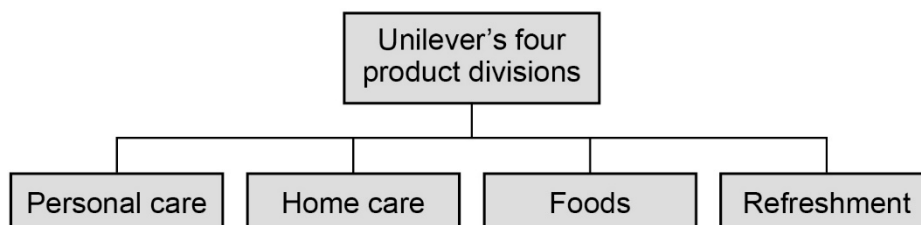
Marason believes that its approach to innovation is important. Its managers encourage its employees to try out new ideas. They accept that some of these ideas will fail. Marason wants to be a business where decisions are made quickly and ideas are implemented rapidly. The company wants employees to act like entrepreneurs by being willing to take risks with new projects. Employees in large businesses are often reluctant to take risks and become slow to act; Marason wants to avoid this. It wants to keep the culture of a start-up business even though it has grown so big.

Source Two: Unilever

Section B, Question 2

Two billion people use Unilever products every day to “feel good, look good and get more out of life”. 1

Figure 1 – Unilever’s four product divisions



Unilever is structured around four product divisions. Each of these contains a portfolio of brands such as Dove, Persil, Magnum, Surf and Omo.

Unilever operates in more than 190 countries. It believes its size allows it to spread risks and increase long-term profits. It operates on a large scale, allowing it to take advantage of global manufacturing and distribution opportunities and drive down costs. 5

Unilever has three objectives:

- i) to increase sales
- ii) to reduce its environmental footprint
- iii) to increase its positive social impact. 10

Unilever is having to respond to various emerging social trends in markets, such as:

- Urbanisation.
In 2010 there were 27 cities of more than 10 million people. By 2030 it is expected that there will be 41.
- Ageing population. 15
Between 2015 and 2050, the proportion of the world’s population aged over 60 will nearly double from 12% to 22%.
- Changing expectations.
Customers have new expectations, in terms of how products are made, the quality of them and how they expect companies to behave. 20
- Changing shopping patterns.
Customers continue to shift away from supermarkets in favour of local and convenience stores, discount chains – often with own-label products – and e-commerce.

Unilever’s Chief Executive Paul Polman has stopped giving its investors financial updates every three months. Polman wants to avoid focusing on producing short-term financial results because he thinks that a short-termist approach damages the long term success of Unilever. Polman has deliberately sought shareholders wanting to invest for the long term rather than those who want quick returns. Polman believes that working in partnership with its stakeholders over the long term is the key to success in business. 25 29

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