

# The Impact of Consumer Behaviour Megashift on Unilever's Product Strategy during COVID-19 Crisis

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## ABSTRACT

The Covid-19 pandemic has made many changes. The changes that rapidly occur, resulting in the consumer's behaviour change in obtaining goods and services. Unilever is a global consumer goods corporation that manufactures everyday items such as soap and food. It is one of the oldest multinational corporations, with products sold in over 190 countries. During the Covid-19 outbreak, demand for products and services has plummeted, and Unilever has reacted strongly to the problem. This study aims to explore how Covid-19 affected Unilever and how Unilever improved the company's welfare. The research method used is descriptive. Data were collected from news articles, websites, and other reviews. To summarize the facts, Unilever is mostly unaffected by the Covid-19 epidemic because most of its products are considered needs and are widely recognized.

**Keywords:** Consumer Behaviour, Unilever, Product Strategy, Covid-19, Impact

## 1. INTRODUCTION

It is well known that during the start of 2020, the world is facing a new pandemic called 2019-nCov infection. According to World Health Organization (WHO), this case began on December 31, 2019, in Wuhan City, Hubei Province, China. This COVID-19 pandemic continues to grow and progress quickly and has spread beyond the Wuhan area and other countries. Unilever is the world's largest manufacturer of fast-moving consumer products. Every day, two billion people use the goods as Unilever provides their consumers with the chance to create a better future. Unilever's mission as a food and consumer goods manufacturer (FCMG) is to assist every life on Earth in making sustainable living a norm.

Unilever is regarded as a high-ranking FMCG firm, with over 400 brands and many product sectors worldwide. The firm was formed in 1930 and has since become one of the world's oldest manufacturers of consumer products. Margarine Uni and Lever Brothers, a British soap manufacturer, joined Unilever, a worldwide corporation that produces many everyday goods. The firm has developed food and drinks, beauty and personal care, home care, cleaning agents, personal care, refreshments, and other product names.

### 1.1. Literature Review

The International Monetary Fund (IMF) anticipated 4.9 percent global growth in 2020, 1.9 percent lower than the World Economic Outlook (WEO). The unexpected covid-19 and total national lockdowns by some nations affected the decline. Furthermore, China's second-largest production business, often the primary source of supplies, reported a 6.8 percent decrease in the first quarter of 2020 due to closed borders. These lockdown tactics have also resulted in teleworking and telecommuting, which have disrupted businesses and limited demand and supply.

What impacted the economy's demand and supply because some items had less need and required less supply. However, while the costs stayed constant, the earnings decreased. When the market falls, the fees involved will make consumers and investors disinterested in participating. Furthermore, some businesses must make incorrect decisions by lowering staff numbers to save costs and protect their firm from loss. The epidemic also impacted public health and the international community, impacting economic development policies, commerce, travel, and health.

Our lives have been altered as a result of the Covid-19 epidemic. Businesses and overseas marketplaces will never be the same again. It has an impact on the economy in terms of the 36 items' demand and supply. Furthermore, when the pandemic's peak passes and its long-term influence on human behavior become evident, additional consumer requirements changes are unavoidable. As a result, Unilever should be prepared to take several actions to address the current situation. This study aims to look at the influence of the coronavirus pandemic on Unilever and customer behavior while purchasing Unilever goods.

### **1.2. Research Objective**

There were four significant changes in consumer behavior during the COVID-19 pandemic. The first change is a stay-at-home lifestyle. Since the emergence of the COVID-19 pandemic one year ago, a new lifestyle has emerged in society. This new lifestyle brings a positive impact, namely the closer ties between family members and establishing a sense of togetherness.

According to Maslow's hierarchy of needs pyramid, the second change, returning to the bottom of the pyramid, is the second transition. Consumer needs migrate from the "top of the pyramid" to the "bottom of the pyramid." Consumer demands change away from self-actualization and toward physiological necessities like food and health. According to Youswohady, a trend will emerge due to the public's need for health and safety, including health and life insurance [1].

Going virtual is the third change. People are avoiding physical interaction due to the COVID-19 epidemic and shifting their activities to virtual or online. As a result, internet purchasing becomes a viable option for meeting demands. Consumer purchases change from want-to-need, a phenomenon Yuswohady refers to as "online shop deepening."

The fourth change is the formation of an empathic society. The emphatic community is because, during the pandemic, many disasters have occurred. People help each other when their friends are in trouble, recession, death – due to COVID-19 and lay-offs. This activity creates a sense of community empathy.

### **1.3. Conceptual Framework**

Unilever Indonesia observes and responds to considerable growth in demand for cleanliness and healthy goods. Unilever Indonesia introduced items with smaller container sizes and lower pricing in anticipation of a decline in customer purchasing power [2].

In anticipating changes in shopping patterns that are all online, Unilever Indonesia has created various innovations in the digital field such as Unilever Home Delivery, a more substantial presence in the e-commerce channel, services to answer consumer needs at the professional level through Unilever Professional, and the launch of the Sahabat Warung application. Stalls to help stall merchant partners to stay healthy, safe, and able to continue selling[2].

### **1.4. Hypotheses/Research Questions**

Covid-19 is affecting the economy in terms of product supply and demand. Companies and overseas markets will never be the same as before. Therefore, Unilever will also be affected by the impact of the COVID-19 pandemic.

## **2. METHODOLOGY**

The research conducted aims to analyze consumer behavior on Unilever corporation during the Covid-19 pandemic. The methodology will define the qualitative, quantitative, data collection method, research process, and data analysis. The qualitative method approach is to analyze and identify behaviors that can change the company's economic activity. Data collection is the procedure of gathering information on a specific topic from targeted variables and sources. We gathered data from online resources such as the Internet website and reused previously collected data.

The data for quantitative methods are collected from surveys by another article. The survey form will consist of multiple-choice the frequency and percentage of respondents' experience, usage, and purchase behavior of Unilever products.

## **3. RESULTS**

At the beginning of the Covid-19 case announcement, consumers started to panic buying. This activity happens when fear and panic influence behavior leading people to buy more things than usual—defined as a herd behavior that occurs when consumers buy a considerable amount of products in anticipation. Factors causing panic purchasing behavior include product shortage of products and uncertainty about the situation, and media exposure or rumors. A study stated that during the covid-19 pandemic, consumers' decisions to buy products were significantly influenced by their perception about increasing goods [3].

The pandemic has also pushed people to think about all the expenses they make. Based on the data conducted, it is known that consumers in any country, especially Indonesia choose to buy goods with cheaper brands for their consumption. Consumer purchases

began to shift from "wants" to products that are "needs." The highest demand is generally in daily products, groceries, and health products such as vitamins and herbal supplements. So, we can conclude that COVID-19 has made consumer shopping patterns online wider [3].

Unilever, the London-based consumer products giant, is not benefiting overall from the coronavirus crisis even though many of its soap and hand-washing brands are seeing increased demand, but significant reduction in out-of-home food consumption of ice cream and restaurant products [4].

**Table 1.** Respondents' Demographic Profile

Response	Frequency	Percentage (%)
<b>Gender</b>		
Female	76	58,46
Male	51	39,23
Prefer Not to Say	3	2,31
<b>Age</b>		
15 – 19 years old	18	13,8
20 – 30 years old	102	78,5
31 – 50 years old	7	5,4
51 years old and above	3	2,3
<b>Ethnicity</b>		
Malaysian	70	53,8
Indian	35	26,9
Indonesian	25	19,2
<b>Employment Status</b>		
Government Sector	7	5,4
Private Sector	12	9,2
Self-employed	7	5,4
Unemployed	2	1,5

Source: The Impacts of Covid-19 on Unilever, Journal of The Community Development in Asia

According to Table 1, the majority of responders were Malaysian female students aged 20 to 30. 76 of the 130 responders are female, 51 are male, and three do not disclose their gender. Female and male involvement rates are 58.46 and 39.23 percent, respectively.

The majority of responders are between the ages of 20 and 30. (78.5 percent). There are 18 responders between the ages of 15 and 19. (13.8 percent). With a total of 7.7 percent, other respondents are between the ages of 31 and 50 years old, with 7 and 3 respondents.

According to ethnicity, 70 percent of respondents are Malaysians, 35 percent are Indians, and 25 percent are Indonesians. It indicates that Malaysia has 53.80 percent of the responses, India has 35 percent, and Indonesia has 25 percent.

Moreover, 102 of the 130 respondents are students, 12 are worked in the private sector, seven are engaged in the government sector, seven are self-employed, and two are unemployed. It implies that students

account for 78.50 percent of the total, while the remaining categories account for 21.5 percent.

Based on the data collected from The Impacts of Covid-19 on Unilever article by Journal of The Community Development in Asia, most of the respondents were familiar with the Unilever brand. They have used, experienced the products as they are readily available in their surrounding areas. It confirms their awareness of the brand.

Furthermore, Table 2 indicates that people aged 20-30 prefer to use Unilever's beauty and personal care items in their daily lives. It also shows that 118 of the 130 respondents utilized beauty and personal care products, 80 purchased home items, 31 purchased water purifiers, and 78 used meals and drinks. We may also deduce that the majority of respondents (86%) are aware of Unilever goods. It confirms their familiarity with the brand. Unilever goods were evaluated as good by 66 percent of respondents, underlining the high quality of Unilever products.

Moreover, we can observe from Table 2 that most respondents (90 respondents) acquired their daily products in local physical stores. During the pandemic, 26.9 percent of respondents purchased their essentials from online retailers, 69.2 percent from traditional stores, and the remaining 3.8 percent from others. Several 67 respondents thought that Unilever is unaffected by Covid-19 individuals who continue to buy Unilever products. The remaining 63, on the other hand, believed differently, resulting in a loss of market share because Unilever's average yield did not contain ingredients capable of preventing the spread of the coronavirus.

Table 2 also reveals that most respondents (43.8 percent) spent 0\$-30\$ on household products, 36.9 percent spent 31\$-60\$, 14.6 percent spent 61\$-100\$, and 4.6 spent 101\$ or more. It also shows that adults (42 percent) are the most likely to consume Unilever goods, followed by teens (34 percent), elderly persons (12.4 percent), and children (10.8 percent). Finally, 99.2 percent of respondents believed that purchasing Unilever products is simple. It denotes the ease with which Unilever items are available on the market. Through Unilever, customers may meet their daily nutrition, grooming, and personal care needs to feel healthier and look better. Unilever goods have been verified as safe for everyday use.

**Table 2.** Consumer Behaviour of Unilever Products

Response	Freq.	Perc. %
<b>Are you familiar with the brand Unilever?</b>		
Yes	130	100
No	-	-
<b>What products from Unilever that you are aware of? (Multiple Choice)</b>		
Beauty and Personal Care	118	38,44
Household Items	80	26,06
Water Purifier	31	10,1
Food and Refreshments	78	25,4
<b>Are you aware that you use products from Unilever every day?</b>		
Yes	86	66,2
No	25	19,2
Maybe	19	14,6
<b>How would you rate the quality of Unilever products?</b>		
Excellent	50	38,5
Good	66	50,8
Average	10	7,7
Bad	-	-
I do not know	4	3,1
<b>How do you purchase your necessities during the Pandemic?</b>		
Online Shopping	35	26,9
Physical Store	90	69,2
Other	5	3,8
<b>Do you think Covid-19 has affected Unilever?</b>		
Yes	63	48,5
No	67	51,5
<b>How much money do you usually spend on households' items per month?</b>		
0\$ - 30\$	57	43,8
31\$ - 60\$	48	36,9
61\$ - 100\$	19	14,6
101\$ and above	6	4,6
<b>Which age group uses Unilever products the most? (Multiple Choice)</b>		
Children	29	10,8
Teenagers	85	43,0
Adults	107	42,8
Senior Citizens	31	12,4
<b>Is it easy to purchase Unilever products?</b>		
Yes	129	99,2
No	1	0,8

Source: The Impacts of Covid-19 on Unilever, Journal of The Community Development in Asia

As we can see from the data sample of sales data from PT Unilever Indonesia below, during pandemic covid-19 2020, the Company managed to book Rp43 trillion in net sales, an increase of 0.1% over the same period last year. These sales were derived from two business segments, Home and Personal Care and Foods and Refreshment, which amounted to Rp30 trillion and Rp13 trillion, respectively [5].

**Table 3.** The sample sales data from PT Unilever Indonesia

Segment Information (In Millions of Rupiah)	2020	2019
Net Sales	42.972.474	42.922.563
Gross Profit	22.456.990	22.028.693
Segment Result	11.729.556	12.153.766
Gross Profit Margin	52,3%	51,3%

Source: Financial Report PT Unilever Indonesia [5]

#### 4. CONCLUSION

During the Covid-19 pandemic in 2020, just like other industries, Unilever Indonesia started 2020 with optimism and recorded good demand in January and February. President Joko Widodo, on the other hand, declared the first verified case of the virus in Indonesia in March. It was quickly followed by a significant drop in consumption and investment, resulting in a -5.3 percent drop in GDP in the second quarter. In the third quarter, the impact of the pandemic on Indonesian society became increasingly apparent, with rising unemployment and declining consumer confidence. However, in the third quarter, GDP increased slightly to -3.5% over the same period a year earlier. In the fourth quarter, GDP strengthened again to -2.2%, driven by positive news about vaccine development and intensification of subsidy distribution in Indonesia. Consumer confidence improved in the fourth quarter in the range of 85 to 96, from 79, but remained weak compared to the average level above 100.

To summarize the facts, Unilever is mostly unaffected by the Covid-19 epidemic because most of its products are considered needs and are widely recognized. While other firms face a significant reversal due to the epidemic, Unilever has a diverse product portfolio with global usage flexibility in its brand income, making it feasible to handle the problem. However, certain goods may benefit food, and companies must strengthen their tactics to avoid brand sales losses.

Consumers' behaviors during the COVID-19 pandemic will most likely continue to be used even after the pandemic ends. It will change the future of the industry and become a new challenge for business opportunities. And the company needs to understand the latest trends made by consumers. According to global data, some of the leading recent trends that have emerged after the COVID-19 pandemic include the shift to massive use of e-commerce, increased shopping at one-stop-shop retailers, and accelerated buying of local product offerings.

Unilever also offers a wide range of sanitary goods that have been minimally influenced or are unaffected by the national epidemic. In a couple of months, the virus is changing the consumer products industry in real-time, accelerating long-term systemic trends.

The world is evolving and moving toward more meaningful and sustainable modes of consumption, where people are taking on greater responsibility to be healthy and clean. It demonstrates their commitment to sustaining a living society. Despite the worldwide epidemic, Unilever has achieved and improved the livelihoods of millions of people. However, Unilever must continue investing in advertising through product packagings, such as Dove, Clear, and Sunsilk on television, radio, and print media. Unilever's social media presence is limited to its official website, Facebook, Instagram, and Twitter. A SWOT analysis is intended to assist a firm in gaining a comprehensive knowledge of all aspects involved in making a business decision.

Along with the consumer products industry, Unilever has several chances to develop its company, allowing for diversification, removing market-based risks, and increasing business stability. Furthermore, it provides enormous potential to establish health-related products through innovation, attracting people who want to better their health. It can make its business more environmentally friendly and sustainable to attract more environmentally conscious customers. Unilever should develop the market by selling more existing items to new market groups to enhance revenues. For example, Unilever makes Lipton products, particularly those who require diet beverages but still want a tea flavor. It will be a fantastic opportunity to boost sales and reputation. Its diverse product portfolio provides consumers with several options, causing Unilever to become their first choice while shopping. Customer loyalty has been critical for marketing theory and reality. It is one of the top considerations for corporate operations. It is thought to have a significant impact on the quality of items. As a result, consumers play a critical role in determining the level of satisfaction with goods and services.

As the world's strongest brand of consumer goods in more than 190 countries worldwide, brings lots of advantage allows the company to enter markets and successfully compete against other competitors. While other companies face a big turnaround due to the outbreak, Unilever is barely affected by the Covid-19 pandemic since most products are considered necessities. It has a variety of products with worldwide usage flexibility in its brand revenues, making it reasonable to resolve the crisis. However, some products may well benefit from food, and they need to step up their strategies to minimize the loss of brand sales.

## AUTHORS' CONTRIBUTIONS

All authors contributed to the making of this article. Muhammad Irhas contributing to making abstract, generating data for the article introduction paragraph, arrange the results, and being in charge of the editing. Annissa contributed to analyzing the data, organize the results, and concluding. Mrs. Elok Sri Utami is helping us to supervise our article so the output can be perfect. All authors read and approved the final article manuscript.

## ACKNOWLEDGMENTS

We would like to thank Dr. Isti Fadah, M.Si., for her comments and suggestion regarding our analysis about consumer behavior mega shifts on Unilever's product during the Covid-19 pandemic and her support and encouragement for us to finally made this article.

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