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ANALYSIS OF BUSINESS STRATEGY OF ON THE DECLINE IN COMPANY PROFITS USING SWOT MATRIX AND PESTEL

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ABSTRACT
This study aims to analyze the business strategy of PT Unilever Indonesia Tbk in response to a 29.8% profit decline in 2024, despite increasing consumer spending. A qualitative descriptive approach with a single case study design was employed. The research used secondary data obtained from the company's annual report, financial report, sustainability report, news articles, and other relevant documents. The analysis utilized SWOT and PESTEL frameworks to identify internal and external factors affecting the company's performance. The findings reveal that rising production costs, shifting consumer preferences, boycott movements, and challenges in digitalization and regulation were the main causes of the profit decline. Conversely, opportunities emerged from healthy lifestyle trends, digital supply chains, and government stimulus programs. The study recommends strategies such as strengthening essential products, adopting digital technology, collaborating with MSMEs, and enhancing governance and sustainability. The company must develop adaptive, efficient, and sustainable strategies to remain competitive in the dynamic FMCG industry.

Keywords: *PT Unilever Indonesia Tbk; Business Strategy; SWOT; PESTEL; Profit Decline.*

INTRODUCTION

The consumption patterns of Indonesian society continue to change along with the diverse preferences and lifestyles. Based on data from the Badan Pusat Statistik (BPS) in 2024, there has been an increase in the average expenditure of the Indonesian population, reaching 1,500,556 rupiah compared to the previous year, which was 1,451,870 rupiah per capita per month. This reflects an increase in the purchasing power of the community as well as changes in consumption patterns, both in terms of the quantity and quality of goods and services consumed. These expenditures cover the direct consumption needs of households, both for food and non-food commodities. However, the data only includes consumption that is actually used by households, excluding expenditures for business purposes or gifts to others (BPS, 2024). This increase can also be interpreted as an indicator of positive microeconomic growth, while also serving as an important foundation for designing public policies that are more responsive to the needs of the community.

The increasing consumption of the Indonesian people, as reflected in per capita expenditure data, has a direct impact on the performance of large companies in the Fast-Moving Consumer Goods (FMCG) sector. Although there is a trend of growth in household consumption patterns, the financial performance of FMCG companies in Indonesia shows diverse dynamics. In 2024, PT Unilever Indonesia Tbk recorded a profit decline of 29.8% to Rp3.4 trillion compared to the previous year, which reached Rp4.8 trillion (Unilever Indonesia, 2025). This profit decline was influenced by rising product prices and macroeconomic pressures (Bloomberg Technoz, 2025). This condition shows that although consumer consumption has increased, there are still companies that have not been able to optimize it into profit growth, so adaptive and responsive business strategies to market changes and external pressures are needed.

Furthermore, the phenomenon of declining profits of PT Unilever Indonesia Tbk in 2024 becomes interesting to study because it occurs amidst the rising consumption levels of the Indonesian people. This situation underscores the importance of effective business strategies in enhancing the company's competitiveness and maintaining financial performance sustainability amid market dynamics and uncertainties. In this context, the Resource-Based View (RBV) becomes one of the relevant theoretical approaches. RBV is the main theory in strategic management that emphasizes the importance of a company's internal resources and capabilities as the foundation for sustainable competitive advantage (Wójcik, 2015). This theory underscores that only resources with the characteristics of valuable, rare, inimitable, and non-substitutable (VRIN) can provide long-term competitive advantage (Gibson et al., 2021). In the context of strategic analysis, RBV can be integrated with the SWOT framework to identify internal strengths and weaknesses, as well as help companies respond to external opportunities and threats more strategically (Dasuki, 2021).

Moreover, Dynamic Capabilities are also one of the important theories in facing rapid and complex changes in the business environment. Teece (2018) states that dynamic capabilities refer to a company's capacity to systematically create, expand, and modify its resource base to respond to opportunities and threats. Unlike operational capabilities, which are static in nature, dynamic capabilities enable organizations to adapt through innovation, timely decision-making, and continuous learning (Kurtmollaiev, 2020). Bohl (2015) adds that dynamic capabilities are manifested through flexible organizational routines and actions, which allow companies to evolve alongside the ongoing changes in the business environment.

Furthermore, by integrating the RBV theory and dynamic capabilities into the results of strategic analyses such as SWOT and PESTEL, companies can formulate strategies that are more adaptive, sustainable, and based on unique internal strengths. SWOT analysis is an analysis that includes strengths as internal aspects that are business advantages and provide competitive advantages, weaknesses as internal obstacles in achieving goals, opportunities as external situations that can drive growth and competitive advantage, and threats as external factors that can hinder or harm the achievement of business goals (Harahap, 2024). Meanwhile, PESTEL analysis (Political, Economic, Social, Technological, Environmental, and Legal) is an important tool for assessing macro external factors that influence the success of an organization in achieving its targets (Hany, 2025). The combination of these two tools along with the RBV theory and dynamic capabilities becomes the right solution because it can provide a comprehensive framework for formulating adaptive and sustainable business strategies.

Several previous studies have examined the business strategy of PT Unilever Indonesia Tbk using SWOT and/or PESTEL analysis. Supported by research from Dhenabayu et al. (2022), it was found that product and market diversification are key to the company's success in facing intense competition. Meanwhile, Fildzania et al. (2021) highlighted PT Unilever Indonesia Tbk's adaptation to changes in consumer behavior with a focus on digital innovation and economical products. In line with this, research by Adyatrin et al. (2023) found that PT Unilever Indonesia Tbk needs to maintain its best products and their variations, as well as leverage opportunities arising from technological and informational advancements to strengthen its market position and increase sales. The success of PT Unilever Indonesia Tbk in facing intense market competition is influenced by product and market diversification strategies, as well as the company's ability to adapt through digital innovation that aligns with changing consumer behavior. This research presents a novelty in strategic analysis using SWOT and PESTEL analysis to formulate a business strategy aimed at mitigating the decline in profits of PT Unilever Indonesia Tbk that occurred in 2024. Interestingly, research specifically examining the business strategy of PT Unilever Indonesia Tbk in the context of the profit decline in 2024 using SWOT and PESTEL approaches is still limited.

Thus, this research aims to provide strategic and applicable recommendations for the management of PT Unilever Indonesia Tbk in formulating more adaptive and responsive policies to minimize the negative impact of declining profits. Additionally, this research can also be used as a reference in designing long-term strategies oriented towards sustainability and the competitiveness of the company, especially amidst increasing market competition and changes in consumer behavior in the Fast-Moving Consumer Goods (FMCG) industry. Meanwhile, the theoretical contributions are beneficial for the development of strategic management science, particularly related to the formulation and implementation of company strategies in facing the rapidly changing business environment, as well as enriching the literature on strategic approaches in responding to the decline in financial performance in the FMCG industry sector.

METHOD

The data analyzed in this study includes the performance of PT Unilever Indonesia Tbk in 2024, sourced from financial statements, annual reports, sustainability reports, and relevant news articles. Data collection is limited to the past year to maintain the relevance and accuracy of the information. This research fully utilizes secondary data. Although secondary data such as performance reports and news articles have limitations in providing in-depth insights into the phenomena being studied, their use is justified by their high levels of reliability, completeness, and accessibility. Official company reports and credible news sources were selectively chosen to ensure that the data used remains valid and representative of the company's actual conditions. The research method used is descriptive qualitative with a single case study focusing on one case or object on a specific phenomenon, namely PT Unilever Indonesia Tbk. A single case study is a qualitative research method used to deeply explore complex and unusual phenomena; this approach is beneficial in the field of strategic management (Gaya, 2016). A single case study typically takes the opportunity to explore important phenomena in rare or unusual conditions, such as the profit decline in 2024 that occurred at PT Unilever Indonesia Tbk.

Data collection techniques were carried out through literature studies utilizing secondary sources such as financial reports, annual reports, sustainability reports of PT Unilever Indonesia Tbk, as well as books, journal articles, news articles, and other supporting references. The data used consists of symptoms, events, or occurrences that are analyzed into categories and presented in words, not numbers (Kusumastuti, 2019). The data processing technique involves organizing and arranging the data to be ready for analysis with the aim of revealing the meaning of the phenomena being studied (Noflidaputri et al., 2022). The processed data is then analyzed by grouping, studying, and sorting to obtain important information, which is systematically organized and described (Sulistiyana et al., 2023).

In a single-case study, the presentation of in-depth qualitative data can be effectively carried out by constructing a relatively comprehensive narrative. Furthermore, the narrative is systematically linked to theory, thereby demonstrating a close connection between empirical findings and the theoretical concepts. The analysis was conducted by entering data into a detailed SWOT matrix to identify the company's strengths, weaknesses, opportunities, and threats based on internal data. Additionally, a PESTEL analysis was conducted using sources from journal articles, government regulations, and news from reputable websites to identify the political, economic, social, technological, environmental, and legal factors affecting the operations and strategy of PT Unilever Indonesia Tbk. The results of the SWOT and PESTEL matrix analysis will be used to formulate the right strategy to suppress the decline in profits of PT Unilever Indonesia Tbk.

RESULTS AND DISCUSSION

PT Unilever Indonesia Tbk is a company engaged in the production, marketing, and distribution of consumer goods. Founded on December 5, 1933, the company is headquartered at Grha Unilever, Green Office Park Kav. 3, Jl. BSD Boulevard Barat, BSD City, Tangerang, Banten, Indonesia. In its operations, PT Unilever Indonesia Tbk manages 45 brands divided into two main categories, namely Home & Personal Care and Foods & Refreshment. The Home & Personal Care category consists of three business units: Beauty & Wellbeing, Home Care, and Personal Care, while the Foods & Refreshment category consists of two business units: Ice Cream and Foods. Unilever Indonesia's products are designed with goals and innovations that support environmentally friendly business practices and provide social benefits, while also promoting profitable and sustainable business growth. With that commitment, PT Unilever Indonesia Tbk continues to strive to be an important part of the lives of the Indonesian people.

In order to understand more comprehensively how this company maintains its competitiveness and responds to external dynamics, it is important to systematically analyze the internal and external conditions of the company. The approach used in this research is a SWOT analysis (Strengths, Weaknesses, Opportunities, Threats) to examine the internal and external factors affecting the company's performance, as well as a PESTEL analysis (Political, Economic, Social, Technological, Environmental, and Legal) to describe the macro environment that serves as the strategic context for Unilever Indonesia. Here are the SWOT and PESTEL matrices for PT Unilever Indonesia Tbk:

SWOT Matrix of PT Unilever Indonesia Tbk

Table 1. SWOT Matrix

SWOT	Strengths	Weaknesses
	1. Brand excellence and a competitive product portfolio. 2. A strong and inclusive company culture. 3. Commitment to the use of digitalization and artificial intelligence.	1. Dependence on the Home & Personal Care segment. 2. High production cost pressures. 3. The high costs of innovation and marketing.

	4. A transparent and accountable governance framework. 5. The implementation of Environmental, Social, and Governance (ESG) as a long-term strategy.	4. Centralized policies lead to slower decision-making. 5. Limitations of constructive feedback.
Opportunities	**SO Strategy**	**WO Strategy**
1. Logistics infrastructure is getting better. 2. The development of digital technology and artificial intelligence. 3. Changes in demographics and macroeconomic trends. 4. Domestic economic stability. 5. Opportunities for distribution expansion into regions that have not been fully developed.	1. Strengthening brand excellence and product portfolio through distribution expansion into regions that have not been fully tapped. (S1, O5) 2. Optimizing digitalization and artificial intelligence to address technological advancements and demographic changes. (S3, O2, O3) 3. Integrating ESG strategies with increasingly improved logistics infrastructure to strengthen operational sustainability. (S5, O1) 4. Creating a collaborative company culture and good governance supports quick and effective decision-making in responding to market dynamics (S2, S4, O4).	1. Diversify the product portfolio to reduce dependence on the Home & Personal Care segment by leveraging demographic trends and economic stability. (W1, O3, O4) 2. The use of digital technology for cost efficiency in production and accelerating decision-making. (W2, W4, O2) 3. The utilization of distribution and logistics expansion to strengthen constructive customer feedback. (W5, O1, O5) 4. Utilizing the development of digital technology and artificial intelligence to reduce research costs, product innovation, and marketing campaigns (W3,O2)

Threats	ST Strategy	WT Strategy
1. Rapid changes in consumer preferences. 2. Intensive competition in the Indonesian market. 3. Inflation and rising raw material costs. 4. Cybersecurity threats. 5. The ever-evolving demands of the workforce.	1. Rapid adaptation through a commitment to digitalization and artificial intelligence to respond to changes in consumer preferences. (S3, T1) 2. Strengthening corporate governance and culture to meet workforce demands and maintain organizational stability amid competition. (S2, S4, T2, T5) 3. Implementation of ESG strategies and digital security technologies to reduce the risk of cyber attacks. (S5, S3, T4) 4. Leveraging product innovation advantages to develop new formulas using local raw materials or alternatives that are more resilient to global price fluctuations (S1, T1, T2, T3)	1. Operational efficiency and process automation to reduce production cost pressures and rising raw material prices. (W2, T3) 2. Gradual decentralization of policies so that the company becomes more adaptive to changes in market preferences and intense competition. (W4, T1, T2) 3. Internal training and digitization of feedback processes to respond more responsively to workforce demands. (W5, T5) 4. Preparing a data recovery (backup) system and a business continuity plan that covers all business units to anticipate the risk of operational disruptions due to cyberattacks. (W1, T4)

Source: Secondary Data (Processed, 2025)

Based on the above SWOT matrix table, it shows that the strategies developed in the SWOT analysis of PT Unilever Indonesia Tbk are not only tactical but also strategic and contextual. Each strategy is formulated by considering the alignment between internal strengths/weaknesses and external opportunities/threats faced by the company. This approach makes Unilever Indonesia not only reactive to changes but also proactive in shaping long-term competitiveness in the FMCG industry.

PESTEL Analysis of PT Unilever Indonesia Tbk

1. *Political*

In 2024, the simultaneous elections in Indonesia brought significant political and economic dynamics. The government allocated Rp15.87 trillion for the conduct of the elections, which is not only used by the General Election Commission (KPU) and the Election Supervisory Body (Bawaslu), but also triggers an increase in consumption through government spending and legislative candidates' campaign activities. Therefore, government consumption of Gross Domestic Product (GDP) is expected to increase by 1%, while consumption by Nonprofit Institutions Serving Households is projected to rise by 6.57% due to campaign expenditures by legislative candidates reaching billions of rupiah (Kumparan, 2025). This condition provides a short-term positive boost to the Indonesian economy and the FMCG sector, including PT Unilever Indonesia Tbk, which heavily relies on domestic consumption.

The increase in government spending and campaign activities in various regions has the potential to boost the purchasing power of the public, thereby driving demand for Unilever's products, which are daily necessities. However, despite this consumption boost, the effect is only temporary and less capable of eliminating broader political uncertainty (FEB UGM, 2024). Uncertainty regarding post-election policy changes, potentially revised regulations, and less conducive political stability remain the main challenges for PT Unilever Indonesia Tbk in planning long-term investments and business strategies. The general pressure on consumer purchasing power and the intense competition in the FMCG industry also have a negative impact. The impact of these political factors is reflected in the financial performance of Unilever Indonesia. In 2024, the company recorded a 29.83% year-on-year decline in net profit to Rp3.36 trillion (Reuters, 2025).

2. *Economic*

The 29.83% decline in PT Unilever Indonesia Tbk (UNVR) profits in 2024, down to Rp3.36 trillion, reflects the significant impact of various economic factors at both the macro and micro levels. One of the main factors is the rise in inflation, which has led to a surge in production costs, particularly due to the increase in raw material and energy prices. Although the company is trying to maintain selling prices to keep sales volume, this cost pressure continues to erode profit margins (Times, 2025). On the other hand, the unstable economic conditions have also led to a decline in the purchasing power of the public. Consumers are becoming more selective and tend to engage in downtrading, that is, switching to cheaper products, which negatively impacts the sales of Unilever's premium products (Rizaldy, 2024).

In addition, competition with local brands such as Wings Group and Mayora Indah, which offer products at more affordable prices, tightens the competition, especially in the segment of daily necessities that are sensitive to price (Reuters, 2025). Unilever's dependence on imported raw materials also poses a significant challenge, especially amid the fluctuations in the rupiah exchange rate that add pressure to the company's cost structure. Changes in consumer preferences, which now favor healthy and sustainable products, also force the company to continue innovating, and delays in responding to this trend can lead to a loss of market share (Yodhia, 2024). Thus, the combination of inflationary pressures, exchange rate fluctuations, changes in consumer behavior, and the dynamics of intense competition are the main economic factors affecting Unilever Indonesia's financial performance throughout 2024.

3. *Social*

The decline in profits of PT Unilever Indonesia Tbk (UNVR) in 2024 is not only influenced by economic factors but also by the complex social dynamics in the domestic market. One of the main factors is the changing behavior of Indonesian consumers, who are becoming more selective and price-sensitive. The Nielseniq report notes that although consumers continue to shop for daily necessities, they are now more cautious, experimental, and selective in choosing brands, with a tendency to switch to more affordable and culturally relevant local products. This phenomenon is reinforced by the increasing awareness of local values and preferences for halal products, which local brands like Wings Group and Mayora Indah have capitalized on to capture Unilever's market share (Nielseniq, 2024). Furthermore, Unilever Indonesia has acknowledged significant social changes and is striving to respond by undertaking massive transformations, including updating distribution systems, adjusting prices, and enhancing its presence on e-commerce platforms.

Moreover, the social aspects affecting PT Unilever Indonesia Tbk are not only related to changes in consumer behavior but are also influenced by broader socio-political dynamics, such as the boycott against multinational companies affiliated with Israel, including Unilever. This boycott was triggered by criticism from many Muslim-majority countries that believe Unilever supports Israel's military actions in Gaza through its business activities. The tangible impact of this boycott is evident from the decline in Unilever's market share in Indonesia, which dropped from 38.5 percent the previous year to 34.9 percent in the third quarter of 2024 (VoA Indonesia, 2025). Additionally, Unilever faces stiff competition from small businesses and local products that offer more affordable prices, further narrowing the market space for major brands like Axe, Cornetto, Royco, etc. The global "No Thanks" app developed by pro-Palestinian groups also strengthens the boycott movement by recommending that consumers avoid certain products based on the parent company's stance on the conflict in Gaza (VoA Indonesia, 2025). With this social pressure, PT Unilever Indonesia must be more sensitive to consumer sentiment and strengthen relationships with the local community through transparent communication strategies and products that align with consumer social values in order to maintain and rebuild market trust amidst complex social challenges.

4. *Technological*

The decline in profits of PT Unilever Indonesia Tbk (UNVR) in 2024 is not only influenced by economic and social factors but also by challenges in the technological aspect, which is an integral part of the PESTEL analysis. Although Unilever has initiated a digital transformation through the implementation of a cloud-based eB2B platform that connects distributors, sales personnel, and micro-retailers in emerging markets, including Indonesia, the adoption of this technology has not yet fully optimized operational efficiency and sales. The platform aims to simplify ordering, enhance the visibility of distributor services, and optimize operations through digital tools such as the eB2B application, artificial intelligence-based recommendations, and delivery and route planning (Unilever, 2025).

However, the challenges in integrating this technology, such as user training and adaptation to the new system, can hinder its effectiveness in the short term. Additionally, although Unilever Indonesia has adopted a technology-based supply chain management system to monitor and manage product distribution in real-time, operational complexity and the need for adequate digital infrastructure pose their own challenges (Rifazka, 2024). On the other hand, in facing the increasingly fierce competition in the FMCG industry, Unilever Indonesia needs to accelerate its digital transformation to enhance operational efficiency and competitiveness. This strategy includes the automation of production processes, the digitalization of the supply chain, and the development of e-commerce platforms that are responsive to consumer needs (Astika et al., 2024).

5. *Environmental*

Environmental aspects have become one of the important factors influencing the operations and strategies of PT Unilever Indonesia. Climate change and environmental degradation have increased pressure on the company to implement more sustainable business practices. As part of its commitment to sustainability, Unilever Indonesia has implemented various initiatives, including the use of renewable energy and carbon emission reduction. However, these efforts also present their own challenges. Investment in environmentally friendly technology and sustainable production processes requires significant costs, which can affect the company's profit margins in the short term. Additionally, increasingly stringent environmental regulations, both at the national and international levels, require companies to continuously adjust their operations to comply with the applicable standards. Consumers are also becoming increasingly aware of the environmental impact of the products they use, driving demand for more environmentally friendly products. Additionally, challenges in the supply chain, such as dependence on certain raw materials that are vulnerable to climate change, can affect availability and production costs (Unilever Indonesia, 2025).

In line with the company's global sustainability commitment outlined in the global Growth Action Plan (GAP), the company is implementing its sustainability commitment with a focus on managing plastic waste from the FMCG industry. Throughout 2024, the company successfully reduced 7,400 tons of new plastic, used 2,200 tons of recycled plastic, and replaced sachet and cup packaging with recyclable materials. Through the #GenerasiPilahPlastik education program and the establishment of 4,000 Waste Banks in 50 cities/regencies, Unilever Indonesia also encourages public participation in the circular economy. Other innovations include the digitalization of waste management, the use of applications and Reverse Vending Machines (RVM), as well as collaboration with organizations such as PRAISE, IPRO, and RDF for waste-to-energy processing. Nevertheless, the implementation of these initiatives faces challenges such as the need for multi-party coordination, changes in consumer behavior, and significant investments in technology and infrastructure, amid regulatory pressures and public demands for transparency and corporate social responsibility.

6. *Legal*

Legal and regulatory aspects are external factors that significantly determine the operations of PT Unilever Indonesia Tbk. Undang-Undang Nomor 11 Tahun 2020 tentang Cipta Kerja brings significant changes to labor regulations and business licensing in Indonesia. For Unilever Indonesia, this poses a challenge in adjusting internal policies, particularly in human resource management, such as work hour regulations, severance pay, and the status of contract workers, which must be managed flexibly yet remain compliant with the law. On the other hand, the simplification of licensing through the Online Single Submission (OSS) system provides ease in opening new facilities and expanding the supply chain network, which can accelerate business expansion. However, compliance with this law demands strict regulatory oversight and quick adaptation to changes in government policy.

In addition, Peraturan Otoritas Jasa Keuangan Nomor 42/POJK.04/2020 tentang Transaksi Afiliasi dan Transaksi Benturan Kepentingan requires Unilever Indonesia to implement transparent and accountable governance in transactions with related parties. The company must establish a strict monitoring and reporting system so that these transactions can be identified, approved, and disclosed transparently. The main challenge is to maintain an effective compliance mechanism to meet legal requirements while also preserving the company's reputation to remain trusted by stakeholders and regulators. Overall, these legal aspects require Unilever Indonesia to strengthen its compliance and corporate governance systems to avoid legal risks and sanctions, as well as to maintain the trust of consumers, investors, and regulators amid increasingly fierce market competition and continuously evolving regulations.

As a multinational company operating in various jurisdictions, Unilever Indonesia must comply with various national and international regulations covering product safety, consumer protection, intellectual property rights, and environmental regulations. Compliance with these regulations is not only important to avoid legal sanctions but also to maintain the company's reputation in the eyes of consumers and other stakeholders. In 2024, Unilever faced increasingly complex legal challenges, including heightened scrutiny of product claims and safety standards. These regulatory changes require adjustments in production and marketing processes, which can increase operational costs and affect profit margins. Additionally, the increase in environmental regulations requires companies to invest in environmentally friendly technologies and sustainable production processes, which, while aligned with the company's sustainability commitments, also adds to the cost burden. Unilever Indonesia also has to face challenges in protecting intellectual property rights, especially in markets with high levels of copyright and trademark infringement. This can affect product competitiveness and reduce the company's market share. Additionally, changes in tax regulations and international trade policies can affect the cost structure and distribution strategy of Unilever Indonesia.

SWOT and PESTEL Integration Matrix of PT Unilever Indonesia Tbk

After conducting an analysis of internal factors through the SWOT matrix and evaluating external factors using the PESTEL approach, to obtain a more comprehensive picture of the company's strategic position, the integrated SWOT and PESTEL matrix for PT Unilever Indonesia Tbk is presented below.

Table 2. SWOT and PESTEL Integration Matrix

PESTEL Factor	Strengths	Weaknesses	Opportunities	Threats
Political	Fiscal policy support encourages domestic consumption (S1).	Post-election uncertainty can hinder strategic planning (W4).	Political stabilization opens up expansion opportunities (O4).	Post-election policy changes can have negative impacts (T1, T2).
Economic	Basic necessity products remain relevant when purchasing power declines (S1).	High inflation and production costs are squeezing margins (W2).	Expansion of distribution and logistics (O1, O5).	Fluctuations in exchange rates and price competition from local products (T2, T3).
Social	Awareness of local values and halal products (S2, S5).	Boycotts and changes in consumer preferences (W3, W5).	The increase in e-commerce and digital engagement. (O2, O3).	Competition from local brands and socio-political movements (T1, T2).
Technological	Digitalization initiatives and eB2B platform (S3).	Technology adoption is not yet optimal (W4, W5).	The development of artificial intelligence platforms and digital supply chains (O1, O2).	Cybersecurity threats and technology adaptation (T4, T5).
Environmental	Commitment to sustainability and the circular economy (S5).	Multilateral coordination and high investment costs (W4).	Environmentally friendly regulations provide incentives (O3, O4).	Climate change risks and public pressure (T1, T3).
Legal	Compliance with regulations enhances governance (S4).	Challenges of adapting to new regulations and legal disputes (W4).	OSS and international standards open up opportunities (O1, O4).	The strict oversight and regulatory changes impact costs (T3, T5).

Source: Secondary Data (Processed, 2025)

Business Strategy of PT Unilever Indonesia Tbk

Based on the results of the SWOT and PESTEL analysis above, the business strategy recommendations for PT Unilever Indonesia Tbk to minimize the decline in profits, which have been linked to the Resource-Based View (RBV) and Dynamic Capabilities theories, are as follows.

1. Optimization of Essential Products as Valuable and Non-Substitutable Resources

   Focus on the line of essential products such as soap, toothpaste, and staple foods that remain in demand by consumers even when purchasing power decreases. This product is a valuable asset that can support income stability in a fluctuating economic condition.

2. Digital Transformation through the Utilization of AI Technology and Digital Supply Chain

   Investing in technologies such as Artificial Intelligence (AI) and digital supply chain to enhance operational efficiency and accelerate response to market demand dynamics. This technology is a resource that is quite difficult to imitate and reflects dynamic capabilities to withstand inflationary pressures and high production costs.

3. Strengthening the Branding of Halal and Local Products as Rare and Culturally Relevant Assets

   Building the image of halal products based on local values through digital media to respond to consumer trends that prioritize identity, sustainability, and religious values. These assets are rare and valuable, and they enhance customer loyalty in strategic segments.

4. Expansion and Modernization of Distribution as an Irreplaceable Capability

   The expansion of the distribution network and the use of digital-based logistics systems will create sustainable operational advantages. Efficient distribution is a non-substitutable resource and key to increasing market penetration.

5. Strengthening Regulatory Compliance and Governance Systems as a Source of Market Trust

   Improving internal oversight systems and legal compliance to address regulatory changes. This becomes part of dynamic capabilities in maintaining reputation and avoiding legal losses in the future.

6. Development of Strategic Partnerships with SMEs and Local Communities

   Encouraging collaboration with local entrepreneurs and communities based on social values to create a solid and inclusive business ecosystem.

7. Strengthening E-Commerce Channels and Loyalty Programs as a Response to Consumer Digitalization

   Integrating e-commerce platforms with customer loyalty programs to enhance customer engagement and maintain market share. This channel becomes a valuable digital asset in the era of digital consumers.

8. Enhancing Cybersecurity Systems as an Investment in Critical Resources

   Ensuring that digital infrastructure is protected by a reliable cybersecurity system. This system is a valuable capability for maintaining data integrity, brand reputation, and the continuity of the company's digital operations.

9. Development of Contingency Scenarios and Policy Lobbying as a Responsive Capability to Uncertainty

Applying a proactive approach in addressing political and fiscal risks through scenario planning and active engagement in public policy dialogue. This step reflects the application of the dynamic capabilities concept, where the company is able to systematically adjust its resource base to respond adaptively and sustainably to changes in the external environment.

CONCLUSION

The decline in profits of PT Unilever Indonesia Tbk in 2024 despite increased consumer consumption, indicates that the strength of the brand and established product portfolio are no longer sufficient to face external pressures such as inflation, changes in fiscal policy, and the rising awareness of sustainability. Through SWOT and PESTEL analysis, this research contributes to the development of strategic management literature by emphasizing the importance of integrating internal resource-based strategies and responses to external environmental dynamics in the FMCG industry.

Practically, this research suggests that PT Unilever Indonesia Tbk adopt proactive and integrated strategies, including: focusing on essential consumer products to maintain sales stability, utilizing advanced technologies such as artificial intelligence and digital supply chain to enhance operational efficiency, and strengthening branding based on local values and halal certification through digital platforms. Additionally, developing an efficient logistics network, improving legal compliance, forming strategic partnerships with SMEs and local communities, and strengthening e-commerce channels integrated with loyalty programs and cybersecurity systems are key steps to strengthen market position.

The results of this research also have important implications for policymakers and industry players. For policymakers, the results of this research indicate the need to create a regulatory ecosystem that encourages innovation and cross-sector collaboration. Meanwhile, for industry players, adaptive and data-driven strategies become crucial in maintaining competitiveness and sustainable profit growth amid political uncertainty and global economic pressures.

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