

ECONOMIC MANAGERIAL ANALYSIS AND SWOT–TOWS-BASED BUSINESS STRATEGY FORMULATION IN THE INDONESIAN FAST-MOVING CONSUMER GOOD INDUSTRY: A CASE STUDY OF PT UNILEVER INDONESIA Tbk

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Abstract

The Indonesian Fast-Moving Consumer Goods (FMCG) industry has been facing increasing competitive pressure due to macroeconomic volatility, shifting consumer behaviour, and rapid digital transformation. This study aims to examine the economic managerial condition of PT Unilever Indonesia Tbk and to formulate strategic business alternatives using the SWOT and TOWS analytical frameworks. A descriptive qualitative approach supported by secondary quantitative data is employed, utilizing annual reports, financial statements, and industry publications from 2020–2024. The findings indicate that strong brand equity, extensive distribution networks, and continuous product innovation remain the company's primary strengths. However, declining profitability, rising operational costs, and dependence on imported raw materials pose significant strategic challenges. The TOWS matrix suggests that strengthening local supply chains, accelerating sustainable innovation, and optimizing digital marketing capabilities are critical for maintaining long-term competitiveness. This paper contributes to managerial economics and strategic management literature by providing empirical evidence from a leading FMCG firm operating in an emerging market context.

Keywords: Managerial Economics, SWOT–TOWS Analysis, Business Strategy, FMCG Industry, Emerging Markets

1. INTRODUCTION

1.1 Background of the Study

Globalization and economic uncertainty have intensified competition across industries, compelling firms to adopt more rigorous and data-driven managerial decision-making processes. Managerial economics plays a pivotal role in supporting strategic decisions by integrating economic theory with practical business applications, particularly in resource allocation, pricing, and long-term planning. The Fast-Moving Consumer Goods (FMCG) industry in Indonesia is among the most dynamic sectors, characterized by high product turnover, intense competition, and strong sensitivity to macroeconomic fluctuations. According to Euromonitor International (2024), Indonesia's FMCG market is projected to grow at an annual rate of approximately 5–6%, driven by expanding middle-class consumption, urbanization, and increasing awareness of sustainable products. Despite this positive outlook, the industry faces mounting challenges, including inflationary pressure, currency volatility, and aggressive competition from both multinational and domestic firms. PT Unilever Indonesia Tbk, a subsidiary of Unilever Plc, has long dominated the Indonesian FMCG market with a portfolio of well-established brands such as Lifebuoy, Pepsodent, Dove,

Sunsilk, and Rinso. Nevertheless, the company recorded a significant decline in financial performance during the 2024 fiscal year, marked by an 8.7% decrease in revenue and a nearly 30% reduction in net profit. These developments highlight the need for a comprehensive reassessment of the company's strategic position from an economic managerial perspective.

1.2 Research Objectives

This research aims to:

- Analyze the economic managerial condition of PT Unilever Indonesia Tbk.
- Identify internal and external strategic factors using SWOT analysis.
- Formulate strategic alternatives through the TOWS matrix to enhance competitiveness.

1.3 Research Contributions and Novelty

This study offers novelty by integrating managerial economics with SWOT–TOWS analysis in the context of the Indonesian FMCG industry under post-pandemic and inflationary pressures. Empirically, it provides updated evidence from 2022–2024 financial data, which remains limited in existing emerging market literature. Practically, it delivers actionable strategic insights for managers operating in highly competitive consumer goods markets.

1.4 Managerial Economics and Strategic Decision-Making

Managerial economics applies microeconomic principles to managerial decision-making to improve efficiency and organizational performance (Samuelson & Nordhaus, 2010; Mankiw, 2014). Key components include demand analysis, cost behavior, pricing strategies, and the optimization of limited resources. In competitive industries, managerial economics supports strategic alignment between internal capabilities and external market conditions.

1.5 Competitive Strategy and Resource-Based View

Porter (1985) emphasizes that firms achieve competitive advantage through cost leadership, differentiation, or focus strategies. Complementing this view, Barney (1991) argues that sustainable advantage arises from valuable, rare, inimitable, and non-substitutable resources. In the FMCG sector, strong brand equity, distribution reach, and innovation capability are widely recognized as strategic resources.

1.6 SWOT and TOWS Frameworks

SWOT analysis is a widely adopted tool for identifying internal strengths and weaknesses alongside external opportunities and threats (Gürel & Tat, 2017). Wehrich (1982) further developed the TOWS matrix to transform situational analysis into actionable strategies by systematically combining internal and external factors.

2. METHODOLOGY

2.1 Research Design

This study employs a descriptive qualitative research design supported by quantitative secondary data. The approach is appropriate for capturing the economic managerial condition of a firm within its real-world context.

2.2 Data Collection

Secondary data were collected from:

- Annual and financial reports of PT Unilever Indonesia Tbk (2022–2024),
- Publications from Bank Indonesia and Statistics Indonesia (BPS),

- Industry reports from Euromonitor International, NielsenIQ, and GlobalData.

3.3 Data Analysis Techniques

The analysis consists of three stages: descriptive financial analysis, SWOT analysis, and TOWS matrix formulation to derive strategic alternatives.

3. FINDINGS AND DISCUSSION

3.1 Financial Performance Overview

Between 2022 and 2024, PT Unilever Indonesia Tbk experienced declining revenue and profitability. Net profit margin decreased from approximately 13% in 2022 to below 10% in 2024, reflecting rising production costs, restructuring expenditures, and macroeconomic pressures such as inflation and exchange rate volatility.

3.2 SWOT Analysis Results

Strengths include strong brand recognition, a diversified product portfolio, extensive distribution networks, continuous innovation, and a strong commitment to sustainability.

Weaknesses involve dependence on imported raw materials, high operational costs, and slower responsiveness to rapidly changing consumer trends.

Opportunities arise from middle-class market expansion, increasing demand for environmentally friendly products, digitalization of sales channels, and potential strategic partnerships.

Threats include intense competition, regulatory changes, inflation, and currency fluctuations.

3.3 TOWS-Based Strategic Formulation

The TOWS analysis indicates several strategic priorities. Strengths Opportunity (SO) strategies emphasize leveraging brand strength and research and development capabilities to expand sustainable product lines and digital channels. Weakness Opportunity (WO) strategies focus on reducing import dependence through local supplier development and enhancing organizational agility via digital decision-support systems. Strengths Threats (ST) strategies involve product differentiation based on quality and sustainability, while Weakness Threats (WT) strategies highlight operational efficiency and supply chain diversification to mitigate macroeconomic risks.

4. CONCLUSIONS

This study demonstrates that the SWOT–TOWS framework provides a robust tool for economic managerial analysis in the FMCG industry. Despite recent financial challenges, PT Unilever Indonesia Tbk retains strong strategic assets that can support long-term competitiveness. Strengthening local supply chains, accelerating sustainable innovation, and investing in digital capabilities are essential managerial priorities.

From an academic perspective, this research enriches managerial economics and strategic management literature by presenting an emerging market case study. From

a practical standpoint, the findings provide strategic guidance for managers and policymakers seeking to enhance firm resilience amid economic uncertainty. Nevertheless, this study is limited by its reliance on secondary data and a single case context, suggesting opportunities for future research using comparative or longitudinal approaches

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