Unilever's businesses in Nigeria and Indonesia are experiencing challenges driven by distinct market dynamics, strategic shifts, and external pressures. Here's a detailed analysis of the factors contributing to their de-growth:

## ****Nigeria: Strategic Repositioning and Economic Pressures****

**1. Portfolio Restructuring**  
Unilever Nigeria exited the **home care and skin cleansing markets** in 2023–2025 to prioritize higher-margin categories like food and beauty products. This move aimed to streamline operations and improve profitability, but short-term revenue declines occurred as legacy segments were phased out[2](https://resourcedigest.co.za/unilever-nigeria-exits-home-care-and-skin-cleansing-markets-to-focus-on-growth-and-profitability/)[6](https://www.ukessays.com/essays/commerce/the-business-of-unilever-nigeria-plc-commerce-essay.php).

**2. Economic Volatility**

* **Currency devaluation**: The naira’s instability increased import costs and squeezed margins, particularly for raw materials and production[6](https://www.ukessays.com/essays/commerce/the-business-of-unilever-nigeria-plc-commerce-essay.php).
* **Inflation**: Reduced consumer purchasing power led to weaker demand for non-essential goods. For example, 2020–2021 saw turnover grow (35% YoY), but profit margins remained vulnerable to inflationary pressures[1](https://www.unilever.com/news/news-search/2023/inside-our-markets-unilevers-fastgrowing-business-in-nigeria/)[6](https://www.ukessays.com/essays/commerce/the-business-of-unilever-nigeria-plc-commerce-essay.php).

**3. Operational Efficiency Focus**  
Unilever Nigeria is digitalizing processes and optimizing distribution to reduce costs. While this may improve long-term resilience, transitional disruptions have impacted growth[2](https://resourcedigest.co.za/unilever-nigeria-exits-home-care-and-skin-cleansing-markets-to-focus-on-growth-and-profitability/).

## ****Indonesia: Geopolitical Boycotts and Market Shifts****

**1. Consumer Boycotts**  
Unilever’s brands (e.g., Dove, Magnum) faced **boycotts in 2024** linked to perceived ties to Israel amid the Gaza conflict. This caused an **18% Q3 2024 revenue drop** and a market share decline from 38% (2023) to 34% (2024)[3](https://economictimes.com/news/international/business/unilever-making-drastic-changes-in-indonesia-amid-boycotts/articleshow/114541150.cms)[5](https://asiafoodbeverages.com/unilever-faces-unprecedented-challenge-in-indonesia-market/)[7](https://www.linkedin.com/posts/pmuskita_is-unilever-indonesias-struggles-another-activity-7257617632709730305-qYMu).

**2. Competitive Pressures**

* **Local brands**: Domestic competitors capitalized on boycotts, offering cheaper alternatives in staples like detergents and seasonings[5](https://asiafoodbeverages.com/unilever-faces-unprecedented-challenge-in-indonesia-market/).
* **Premium segment erosion**: Middle-class consumers shifted to budget options, hurting brands like Magnum ice cream[7](https://www.linkedin.com/posts/pmuskita_is-unilever-indonesias-struggles-another-activity-7257617632709730305-qYMu).

**3. Operational Overhaul**

* **Distribution reforms**: Unilever Indonesia is revamping its supply chain to stabilize prices and improve retailer coverage. Sequential growth of +21.6% in Q1 2025 suggests partial recovery[4](https://www.unilever.co.id/files/unvr-earnings-call-q1-2025-presentation.pdf).
* **Cost-cutting**: Reduced logistics and labor costs (e.g., -9.4% logistics cost/ton YoY in Q1 2025) aim to offset declining margins[4](https://www.unilever.co.id/files/unvr-earnings-call-q1-2025-presentation.pdf).

**4. Portfolio Repurposing**  
The sale of its ice cream business to Magnum Indonesia (2024) and focus on beauty/wellness reflect a pivot away from underperforming food segments[5](https://asiafoodbeverages.com/unilever-faces-unprecedented-challenge-in-indonesia-market/).

## ****Common Challenges****

* **Currency risks**: Both markets face volatility (naira devaluation, rupiah liquidity issues), complicating financial planning[2](https://resourcedigest.co.za/unilever-nigeria-exits-home-care-and-skin-cleansing-markets-to-focus-on-growth-and-profitability/)[6](https://www.ukessays.com/essays/commerce/the-business-of-unilever-nigeria-plc-commerce-essay.php).
* **Consumer sentiment**: Inflation in Nigeria and boycotts in Indonesia highlight vulnerabilities to external shocks.
* **Strategic execution**: Transitioning to high-growth categories requires time, during which revenue gaps emerge.

## ****Outlook****

* **Nigeria**: Long-term gains depend on successful digital transformation and stable macroeconomic conditions[2](https://resourcedigest.co.za/unilever-nigeria-exits-home-care-and-skin-cleansing-markets-to-focus-on-growth-and-profitability/).
* **Indonesia**: Recovery hinges on resolving distribution bottlenecks, rebuilding brand trust, and adapting to premium market shrinkage[4](https://www.unilever.co.id/files/unvr-earnings-call-q1-2025-presentation.pdf)[7](https://www.linkedin.com/posts/pmuskita_is-unilever-indonesias-struggles-another-activity-7257617632709730305-qYMu).

Unilever’s regional struggles underscore the complexity of balancing global strategies with localized economic and social realities[1](https://www.unilever.com/news/news-search/2023/inside-our-markets-unilevers-fastgrowing-business-in-nigeria/)[3](https://economictimes.com/news/international/business/unilever-making-drastic-changes-in-indonesia-amid-boycotts/articleshow/114541150.cms)[5](https://asiafoodbeverages.com/unilever-faces-unprecedented-challenge-in-indonesia-market/).

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