

Green Life Indonesia in the Post-Pandemic Economy: Affordability, Cost Pressures, and Strategic Choice

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Abstract

This case study examines the strategic challenges faced by Green Life Indonesia in the post pandemic economic environment, focusing on the tension between maintaining consumer affordability and sustaining financial performance. Set in 2023, the case follows Nur Lestari, President Director of Green Life Indonesia, as the company confronts declining sales growth, margin compression, and intensifying competition within Indonesia's fast moving consumer goods sector. Although the Indonesian economy recovered following the COVID 19 shock, rising living costs and inflation have weakened household purchasing power and increased consumer price sensitivity. At the same time, persistent increases in input, packaging, logistics, and labour costs have constrained the firm's ability to absorb inflation without eroding profitability. The case situates these firm level challenges within Indonesia's broader post pandemic macroeconomic environment and highlights shifts in consumer behaviour, evolving competitive dynamics, and the operational characteristics of a scale driven consumer goods business model. Financial indicators and macroeconomic data illustrate the extent of the pressures facing the company. The narrative concludes with an unresolved strategic decision regarding how Green Life Indonesia should balance volume leadership, affordability, and long term financial sustainability in a structurally changed market environment. The case is designed for use in MBA level courses in economics, strategy, and emerging market studies.

Keywords: Fast-Moving Consumer Goods, Affordability and Pricing, Post-Pandemic Economy

Compact Case Narrative

Introduction

Prior to a strategic leadership meeting in Jakarta in the first half of 2023, Nur Lestari, President Director of Green Life Indonesia, examined a consolidated performance report. The numbers demonstrated a business that was still profitable and had a wide range of operations, but they also showed ongoing stress in a number of business areas. In comparison to previous years, net sales had decreased. There was pressure on operating margins. The level of promotion had gone up. Although global supply chain disruptions gradually decreased, input costs remained high (Green Life Indonesia, 2023).

The post-pandemic era did not signify a return to pre-crisis circumstances for Green Life Indonesia. Rather, it signalled a shift into a more constrained operating environment characterised by increased competition, inflation-driven cost structures, and declining household purchasing power. The long-standing volume-driven business model that had previously sustained Indonesia's market leadership was put to the test by these circumstances.

Recovery was no longer the main focus of the leadership challenge. It focused on figuring out how Green Life Indonesia should operate in an economy where cost pressures were still structurally higher than they were prior to the pandemic, but consumer price sensitivity had increased (World Bank, 2024).

Green Life Indonesia and Its Market Presence

One of the oldest international consumer goods companies with operations in Indonesia was Green Life Indonesia. The company built distribution networks, manufacturing facilities, and logistics capabilities throughout the archipelago over a number of decades. Its goods were distributed to customers in urban, semi-urban, and rural areas via contemporary retail formats, traditional markets, and small neighbourhood stores (Green Life Indonesia, 2023).

The company's product line included foods, drinks, personal care, and home care. Many of its brands were marketed as necessities rather than luxury items. Regular household consumption included soaps, detergents, seasonings, and packaged foods. Even in times of economic slowdown, this positioning has historically supported steady demand.

Rather than premium pricing, scale, brand recognition, and operational efficiency were the main means of achieving profitability. Maintaining affordability for consumers with lower and middle incomes was largely dependent on small pack sizes and sachets. Although this strategy had worked well during periods of moderate inflation, post-pandemic cost pressures made it more challenging to maintain.

Wide product availability and high volume throughput were key components of Green Life Indonesia's business strategy. Standardised production runs and wide-ranging supplier networks allowed manufacturing facilities to function at scale while maintaining cost-effectiveness. Distribution agreements depended on a mix of direct delivery, independent logistics companies, and established connections with retailers and wholesalers. The impact of even slight changes in demand or cost structures was amplified by this scale-orientated model.

Due to the diversity of the company's holdings, Green Life Indonesia was concurrently exposed to several commodity markets. Overall cost structures were impacted by energy costs, packaging resins, dairy inputs, and palm oil. As global commodity markets saw

increased volatility in the post-pandemic period, managing this exposure became more difficult.

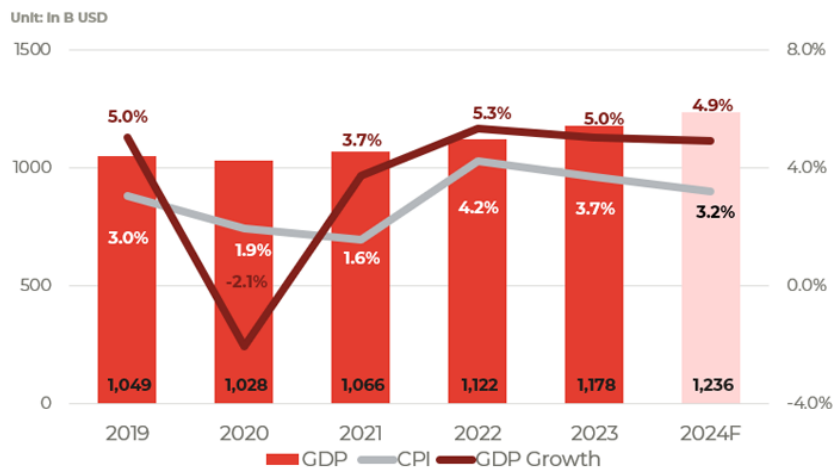
Green Life Indonesia continued to run sizeable marketing and brand management operations in addition to manufacturing and distribution. A sizeable portion of operating costs was allocated to consumer engagement programmes, in-store activation, and advertising expenditures. In the past, the need to protect brand leadership in fiercely competitive categories served as justification for these investments. As market promotional intensity increased in the post-pandemic environment, it became more challenging to maintain the return on such investments.

Indonesia's Post-Pandemic Macroeconomic Environment

Due to the COVID-19 pandemic, Indonesia's economy shrank dramatically in 2020, recovered in 2021, and then stabilised. Between 2022 and 2024, annual GDP growth reverted to approximately 5%, signifying an overall macroeconomic recovery (World Bank, 2024). But underlying pressures on household welfare were concealed by this recovery.

2022 saw a sharp increase in inflation due to rising food prices, fuel prices, and transportation costs. Even though inflation decreased in the years that followed, overall prices were still higher than they were prior to the pandemic, which decreased many households' real purchasing power (Bank Indonesia, 2023). According to household expenditure data, a greater portion of income was spent on necessities, especially for those with lower and middle incomes (Badan Pusat Statistik, 2023).

Figure 1: GDP in Constant 2015 USD, GDP Growth and Consumer Price Index (2019-2024F)



Source: World Bank (2024); Bank of Indonesia (2023)

As a result, there was a discrepancy between headline growth indicators and actual household experience in the post-pandemic macroeconomic environment. Income growth lagged behind price increases in a number of crucial categories, despite overall improvements in employment conditions. Fast-moving consumer goods markets were directly impacted by this divergence in consumer sentiment and purchasing behaviour.

During this time, monetary and fiscal policy responses sought to strike a balance between price stability and economic recovery. Consumer confidence and business operating conditions were impacted by changes to interest rate settings, food import regulations, and administered fuel prices. These policy dynamics had an impact on demand patterns, input costs, and logistics costs for businesses manufacturing necessities.

Consumer Behaviour and Demand Adjustment

Indonesian consumers' post-pandemic behaviour was characterised by tighter household budgets and increased price awareness. In a number of consumer goods categories, many households changed their buying habits by making fewer purchases, moving to smaller pack sizes, and switching to less expensive alternatives (Badan Pusat Statistik, 2023).

In price-sensitive markets, brand loyalty declined, especially as price differences grew. Purchase decisions were increasingly influenced by promotional offers, particularly in cities where price comparison was made easier by contemporary retail formats and digital platforms (Euromonitor International, 2023).

These behavioural changes resulted in lower volumes in a number of key mass-market categories for Green Life Indonesia. Sales performance became more volatile as products that had previously shown steady demand became more susceptible to slight price adjustments.

These shifts differed by area and socioeconomic class. While households dependent on informal income sources continued to be extremely sensitive to price fluctuations, urban consumers with steady formal employment showed greater resilience. Small pack formats remained crucial in rural markets, highlighting the significance of affordability in product design and pricing.

Retailers reported that customers were more interested in private-label options, temporary discounts, and bundled offers. Products that moved more quickly and were less expensive were given more shelf space. These factors made suppliers more competitive and put more pressure on manufacturers to back trade incentives and promotions.

Cost Pressures and Inflation Transmission

Green Life Indonesia experienced steady increases in production and distribution costs at the same time that consumers became more price conscious. Global commodity dynamics and climate-related factors drove up the cost of agricultural inputs used in food products. After energy prices increased, packaging materials became more costly. Changes in distribution patterns and fluctuations in fuel prices led to an increase in logistics costs (World Bank, 2023).

Due to changes in the labour market and regulations, labour costs also showed an upward trend. Additional uncertainty was brought about by currency fluctuations, especially for imported equipment and raw materials (Bank Indonesia, 2023).

According to company disclosures, during the post-pandemic period, cost inflation often exceeded revenue growth. In categories with fierce price competition, margin compression was particularly noticeable, which restricted the company's capacity to pass costs on to customers (Green Life Indonesia, 2023).

The size of operations increased the pressure on costs. The overall operating costs were significantly impacted by even small increases in unit input costs. Although procurement renegotiations and efficiency programmes offered some respite, the ongoing inflation limited the potential for further cost savings.

Portfolio Breadth, Pricing, and Operational Trade-Offs

A wide range of products were offered by Green Life Indonesia to cater to a variety of consumer demands and income brackets. Although this breadth allowed for wide market coverage, it also made operations more difficult. Production capacity, inventory control, distribution strategy, and marketing assistance were all necessary for each product.

The financial contribution of individual products became more disparate under persistent cost pressure. Strong brand equity and steady margins were provided by certain products. Others produced little profit but mostly contributed to volume and shelf presence.

Decisions about prices became especially delicate. Increases in price put immediate volume declines at risk. Margins were under pressure to maintain price points. Concerns regarding consumer perception and trust were raised by changes to pack sizes, particularly for items considered everyday necessities.

Discussions about portfolio management have increasingly focused on trade-offs between long-term market presence and short-term financial performance. Low-margin goods frequently served as consumer entry points and contributed to the preservation of brand awareness. Therefore, choices about discontinuation, reformulation, or repositioning had consequences that went beyond short-term financial gain.

Financial Performance Context

Publicly disclosed financial data reflected these pressures.

Table 1: Green Life Indonesia Selected Financial Indicators

Year	Net Sales (IDR trillion)	Net Profit (IDR trillion)
2022	41.2	5.4
2023	38.6	4.8
2024	35.1	3.4

Source: Green Life Indonesia (2023); Mirae Asset Sekuritas Indonesia (2024)

In the post-pandemic era, lower demand, higher costs, and more intense competition all contributed to the decline in net sales and profitability. Investor evaluations highlighted the necessity of strategic clarity with regard to cost control, portfolio focus, and pricing discipline. The ability of the company to stabilise margins without jeopardising its mass-market positioning has become a key component of market expectations.

Competitive Environment

Following the pandemic, competition in Indonesia's fast-moving consumer goods industry increased. Particularly in price-sensitive markets, local and regional brands experienced rapid growth. These rivals were able to compete directly on price because they frequently had smaller product lines and lower cost structures (Euromonitor International, 2023).

All retail channels saw an increase in promotional activity. Price transparency was further enhanced by digital commerce platforms, which decreased the cost of switching for customers. Green Life Indonesia had to make consistent marketing and promotional investments in order to maintain market share, which put additional strain on margins.

Both contemporary and conventional trade channels showed signs of competitive pressure. Suppliers faced increased demands for trade incentives and promotional support, and retailers had more negotiating power. This environment raised operational complexity and limited pricing flexibility.

Leadership Accountability and the Decision Point

Nur Lestari was responsible for managing these demands while striking a balance between the demands of shareholders, staff, customers, and regulators in his capacity as President Director. Long-term dedication to Indonesia and the ongoing affordability of necessities were highlighted in public communications. Leadership acknowledged internally that trade-offs were necessary in the post-pandemic environment and could not be avoided.

Incremental changes were insufficient by the middle of 2023. There were still unanswered structural issues with pricing, portfolio composition, and market positioning. The leadership team had to decide how to balance volume leadership, affordability, and financial sustainability in an economy that had undergone structural change.

The future was still unclear as plans for the next strategic review got underway. The choices made would influence Green Life Indonesia's place in Indonesian households and its future competitiveness.

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