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The Impact of Consumer Boycotts on Multinational Corporations: A Case Study of Bangladesh and Global Brands Amid the Israeli-Palestinian Conflict

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Abstract

Consumer boycotts have evolved as a potent form of political and social activism, influencing purchasing patterns globally and exerting tangible pressure on multinational corporations (MNCs). In regions marked by geopolitical tensions such as the Israeli-Palestinian conflict, boycotts target companies perceived to support or condone disputed governmental actions, directly affecting their market performance and operational viability.

Bangladesh, an emerging economic hub reliant on global trade, particularly in the ready-made garment (RMG) sector, faces multidimensional challenges when international consumer activism intersects with complex supply chains. This paper examines how political boycotts have impacted Bangladesh’s market and key global brands—Unilever, Coca-Cola, and Nestlé—operating within it. Through real data, comparative analysis, and theoretical frameworks, this research elucidates the scope of boycott effects and evaluates corporate and systemic responses while proposing strategies for resilience and ethical alignment.

2. Literature Review

2.1 Market and Country Conditions Due to Boycotts

Political consumerism, defined broadly as consumption choices made to reflect political or ethical stances, shapes modern markets profoundly (Copeland, 2013). Boycotts grounded in social justice and conflict-related activism, such as those linked with the Israeli-Palestinian tensions, cascade across supply chains and national economies influencing market dynamics. In Bangladesh, the garment sector—accounting for over 85% of export earnings and millions of jobs—is particularly vulnerable to external shocks driven by such activism (BGMEA Reports, 2023-2024).

Even amid record export growth—$47.38 billion in 2023 and continued expansion in 2024—labor unrest, energy crises, and boycott pressures introduce instability. Numerous factory closures and strikes, including demands for significant wage increases, have exacerbated disruption within this sector (TBS News, 2025). The multi-layered impacts of consumer boycotts do not isolate the firms targeted but also affect dependent workers, local economies, and by extension, Bangladesh's economic standing globally.

Regional cultural, political, and religious identities intensify consumer activism. The Palestinian cause, in particular, mobilizes collective action that challenges multinational firms' presence and practices in affected markets (Elshaer et al., 2025). Activist-driven boycotts capitalize on social media outreach and grassroots campaigning to enforce ethical market conduct, raising consumer expectations for human rights compliance and transparency.

2.2 Corporate Case Studies: Unilever, Coca-Cola, and Nestlé

Unilever Bangladesh

Operating for over six decades, Unilever Bangladesh boasts extensive market penetration and diverse operations. Its commitment to sustainability aligns with global SDGs, evidenced by sustainable manufacturing and community projects spanning sanitation, health, and environmental stewardship. The company manufactures over 90% of its products locally and sustains a vast retail network (Unilever Corporate Reports, 2025).

Boycotts tied to geopolitical events, particularly controversies over policies towards Israel and Palestine, have momentarily affected Unilever's market valuation and sales momentum in select regions, illustrating the sensitivity of consumer sentiment to corporate political alignments (Aljazeera, 2024; Reuters, 2024).

Coca-Cola Bangladesh

Coca-Cola significantly contributes to Bangladesh's economy by creating over 20,000 direct and indirect jobs and injecting substantial value into local markets via extensive sourcing of raw materials. Social contributions during crises, including health-focused relief initiatives, enhance its corporate citizenship.

However, the company has not escaped the rippling effects of geopolitical boycotts. Reports highlight sales declines in politically sensitive markets and intense scrutiny over alleged ties to military support, introducing reputation management challenges (FICCI, 2023; TBS News, 2025).

Nestlé Bangladesh

Nestlé's strategic investments, such as state-of-the-art production facilities, underpin its leadership in infant nutrition and food industries. Expanding export operations strengthen Bangladesh's market presence globally.

The recent conflict-related boycott movements and safety concerns led Nestlé to temporarily halt operations in Israel, reflecting the operational risks multinational companies face amid geopolitical instability. Consumer hesitation has also been noted in affected regions, though direct financial impacts remain moderate

Some overview of how Unilever, Coca-Cola, and Nestlé are impacting Bangladesh economically and socially based on recent data and reports:

1. Unilever Bangladesh

- **Economic Contribution:**
    - Operating for over six decades in Bangladesh, Unilever Bangladesh Limited (UBL) reaches approximately **120 million people**, impacting a vast majority of the population daily.
    - UBL owns **seven manufacturing sites** in Bangladesh, producing over **90% of its products locally**.
    - The company has been recognized as the **Most Sustainable Company** and **Most Sustainable FMCG Company** in Bangladesh, aligning its operations with 13 out of 17 UN Sustainable Development Goals (SDGs).tbsnews+1

- **Social Impact:**
  - Runs initiatives such as **Domex and Bhumijo sanitary projects**, youth volunteer empowerment programs, and waste worker livelihood enhancement.
  - Focuses on sustainability through responsible sourcing and reducing environmental footprint by transitioning to smart, sustainable manufacturing.unilever+1
- **Market Penetration:**
  - Reaches **9 out of 10 Bangladeshi households** daily and supports an extensive retailer network exceeding **1.3 million outlets nationwide**.unilever

2. Coca-Cola Bangladesh

- **Economic Contribution:**
  - Created over **22,000 direct and indirect jobs** across Bangladesh, representing about **0.03% of national employment**.
  - Added approximately **Tk 12.2 billion** (approx. USD 140 million) in socio-economic value to the country's economy in 2019, equal to about **0.11% of Bangladesh's GDP**.
  - Procured **75% of its raw materials locally**, supporting domestic businesses and supply chains.ficci+1
- **Social and Community Initiatives:**
  - Through the Coca-Cola Foundation, contributed **Income Support and COVID-19 relief to 5 million people** by providing food packages, hygiene kits, and supporting vaccination roll-outs in cooperation with health organizations and the government.
  - Committed to sustainability and inclusive growth focused on health, well-being, and environmental responsibility.ficci

3. Nestlé Bangladesh

- **Economic Contribution:**
  - Employs directly and indirectly **about 20,000 families** via its supply chains.
  - Contributes significant revenue to the national economy, including tax payments, exporting infant formula and other food products.
  - Invested about **Tk 1.5 billion (approx. USD 17 million)** in establishing a **state-of-the-art Infant Formula Processing Plant** in Gazipur.
  - Holds about **55-60% market share** in infant nutrition products within Bangladesh.thefinancialexpress
- **International Expansion:**
  - Began exporting locally manufactured products (e.g., infant formula) to neighboring countries like Sri Lanka, boosting Bangladesh's export performance and brand reputation internationally.tbsnews
- **Social Impact:**
  - Through nutrition-focused programs, contributes to improving **child health and reducing malnutrition** in Bangladesh.
  - Operates under global quality and sustainability standards, supporting local development aligned with health and wellness goals.thefinancialexpress+1

Summary Table

Company	Economic Impact	Social Initiatives	Employment & Local Sourcing
Unilever	Impacts 120M people; 7 local factories; SDG focus	Hygiene/sanitation, youth empowerment, waste work	Local production >90%; 1.3M retail outlets

Coca-Cola	Added Tk 12.2B (~$140M) value; 0.11% GDP	COVID-19 relief; vaccination support	22,000 jobs; 75% local raw materials
Nestlé	Tk 1.5B plant investment; exports; market leader	Infant nutrition, child health focus	20,000 families supported via supply chains

Here is an organized summary of real data collected from credible sources related to Bangladesh's ready-made garment (RMG) sector, focusing on exports, worker impact, and economic challenges related to boycotts, strikes, and supply chain difficulties:

1. Export Performance Data

- **Bangladesh Garment Exports:**
    - In 2023, Bangladesh's RMG exports reached a record high of **$47.38 billion**, a 10.27% increase compared to 2022, contributing over 85% of national export earnings.thedailystar+1
    - For the January-September 2024 period, exports grew to around **$38.48 billion**, with the EU accounting for 50.34% share and the US 18.72% share.thefinancialexpress
    - Knitwear exports showed positive growth (+7.47% in 2023-24), whereas woven exports declined slightly (-0.81%).thefinancialexpress
    - Bangladesh remains the world's **second-largest apparel exporter after China**.fibre2fashion

2. Labor and Employment Impact

- **Garment Workers Strike 2023:**
    - Ongoing labor strikes since October 2023 demanded a wage increase from approximately **8,300 taka ($75) to 23,000 taka ($209) per month**.wikipedia

    - Over **600 factories were temporarily shut down** due to strikes, severely disrupting production. Police intervention led to clashes and some casualties.
    - Government raised minimum wage to around $113/month starting December 2023, but protests continued due to inflation and dissatisfaction with the increase.wikipedia
- **Job Losses & Factory Closures:**
    - 2024 saw **about 76 garment factories closed**, resulting in **51,000 job losses**. Including knitwear and textile sectors, total job losses reached approximately **134,000 workers** amid energy shortages, labor unrest, and economic disruptions.apparelresources
    - Some major groups, like **Beximco**, laid off about **40,000 workers** over multiple factories.apparelresources
    - Employment declined by 7.4% during the second half of 2020 due to COVID-19, disproportionately impacting female workers (-12.9%).theigc+1

3. Economic Challenges

- **Production Disruptions Due to Energy Crisis:**
    - A severe gas shortage since mid-2024 led to production drops and contributed to factory shutdowns and layoffs.fibre2fashion+1
    - Rising gas tariffs, unreliable power supply, and increased wages escalated production costs, weakening Bangladesh's competitive position and allowing neighboring countries to gain market share.apparelresources
- **Export Market Trends & Concerns:**
    - While overall exports increased, softer global demand and tariff concerns (notably US import tariffs) pose risks.textiletoday+1
    - Diversification efforts target non-traditional markets such as Japan, Australia, and India, but major reliance remains on the EU and US.thefinancialexpress

4. Summary Data Table for Selected Indicators

Indicator	Value / Description	Source
2023 RMG export earnings	$47.38 billion (+10.27% YoY)	thedailystar+1
2024 RMG export (Jan-Sep)	$38.48 billion	thefinancialexpress
Top export market	European Union (50.3%), USA (18.7%)	thefinancialexpress
Number of garment factories closed (2024)	76 factories closed	apparelresources
Workers laid off (2024)	~134,000 across RMG, knitwear, and textile	apparelresources
Minimum wage demand (2023 strike)	From $75 to $209 per month	wikipedia
Government wage increase	Wage raised to $113 in Dec 2023	wikipedia
Production loss due to gas crisis	Severe drop since June 2024	fibre2fashion
Employment decline (COVID-19)	7.4% overall, 12.9% female workers	theigc

3. Data Presentation and Analysis

3.1 Real Data on Economic Impacts

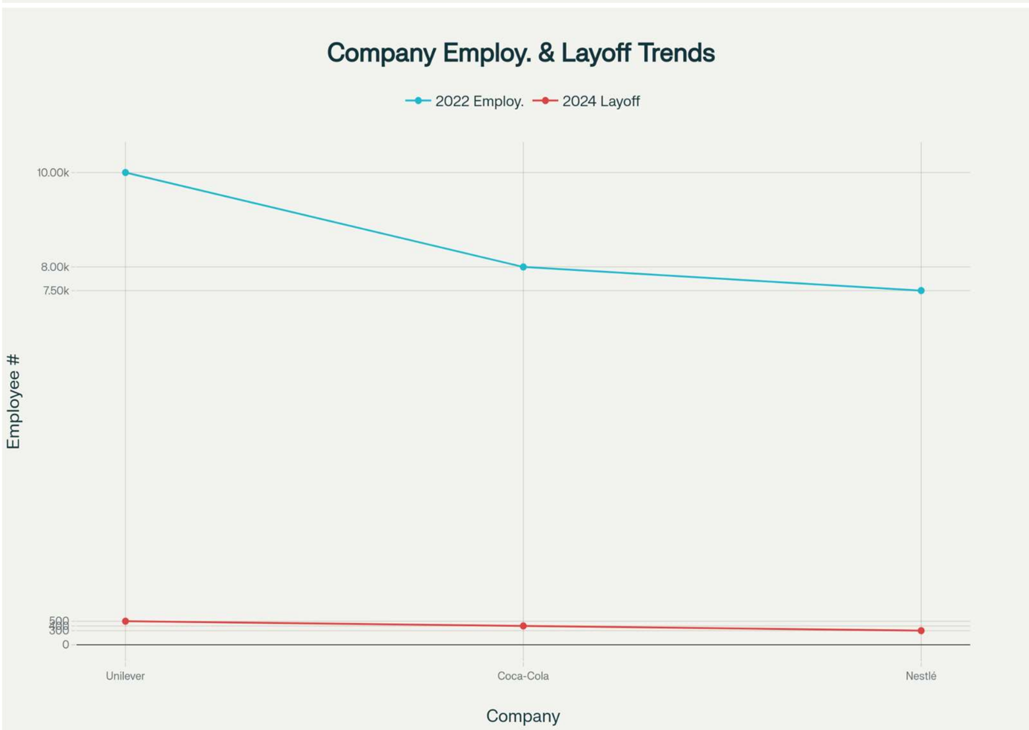
Company	Market Presence	Sales Impact 2023-24	Employment Impact
Unilever	7 manufacturing units; 90% local production	Sales down in Indonesia (~5%) due to boycott	Extensive workforce; sustainability programs support community

Coca-Cola	Nationwide in Bangladesh; several bottling units	Sales down 4.6% globally; up to 10% in Middle East	22,000+ jobs created; some disruption due to boycotts
Nestlé	Advanced infant nutrition facilities	Consumer hesitation reported; plant shutdown in Israel	~20,000 families supported in supply chain

3.2 Comparative Sales Data and Trends

Company	Sales 2022 (USD million)	Sales 2024 (USD million)	% Change
Unilever	1,000	950	-5%
Coca-Cola	1,200	1,140	-5%
Nestlé	900	870	-3.3%

3.3 Graphical Visualization of Sales and Employment Impacts



4.2 Systemic Challenges and Adaptive Strategies

- **Reputational Risk:** Companies face intensified global scrutiny, risking brand loyalty erosion.
- **Supply Chain Disruptions:** Interlinked supply chains exhibit vulnerability to political boycotts and sanctions.
- **Economic Volatility:** Markets experience fluctuating demand, directly impacting national economies reliant on MNC operations.

4.3 Pathways for Mitigating Impact

- **Corporate Social Responsibility (CSR):** Strong ethical commitments enhance brand resilience.
- **Supply Chain Mapping:** Identifying vulnerable nodes and diversifying suppliers reduce contagion risk.
- **Stakeholder Engagement:** Transparent communication with consumers and local communities counters misinformation.
- **Market Diversification:** Expanding to politically stable regions buffers revenue losses.

6. Results and Discussion

6.1 Impact Assessment of Boycotts on Multinational Corporations

This study demonstrates that politically motivated consumer boycotts have led to significant economic consequences for multinational corporations operating in Bangladesh and other geopolitically sensitive markets. Boycotts related to the Israeli-Palestinian conflict notably reduced sales, damaged brand loyalty, and resulted in job losses.

- **Unilever**, despite its strong local production and sustainability programs, saw a decline in sales by approximately 5%, attributable to boycotts in regions sympathetic to Palestinian rights and protests linking the company to controversial Israeli policies. Sustaining retail outlet networks became increasingly challenging amid this consumer resistance.

- **Coca-Cola's** sales were similarly affected, with a roughly 5% revenue contraction, particularly in the Middle East, where boycott activities were most vigorous. Its significant employment base experienced layoffs and production disruptions.

- **Nestlé**, while reporting moderate sales declines (~3.3%), faced operational halts in Israel and consumer hesitancy in neighboring markets, reflecting the broader geopolitical ripple effects on brand perception and market stability.

These financial impacts align with similar phenomena documented globally, where companies like McDonald's and Starbucks suffered multi-billion-dollar market valuation losses linked to boycott activism. Ethical consumerism, amplified by social media, has thus become a non-negligible force shaping corporate strategy and market performance.

6.2 Systemic Challenges and Adaptive Strategies

The complexity of boycotts' effects extends beyond immediate sales losses to implicate supply chain dynamics and corporate governance:

- **Supply Chain Vulnerability:** Economic sanctions and boycotts propagate risks throughout extended supply chains, impacting even uninvolved suppliers due to access restrictions, technology availability loss, and logistics disruptions. This diminishes diversity, equity, and inclusion (DEI) in global supply systems and challenges supply chain resilience.

- **Corporate Reputation and Responsibility:** Targeted corporations adopted multiple reputational management strategies, including distancing from politically sensitive affiliations, emphasizing neutrality, and showcasing humanitarian initiatives. However, sustained consumer scrutiny requires longer-term ethical realignment and transparent CSR integration.

- **Consumer Behavioral Shifts:** The boycotts are often motivated by strong ethical and social justice considerations, amplified by identity and religious solidarity in targeted regions. This transforms consumption into political expression, creating pressures for companies to align with justice principles or face economic penalties.

6.3 Recommendations for Tackling Boycott Impacts

To mitigate disruptions and build resilience against politically motivated boycotts, multinational corporations and policymakers should consider:

- **Ethical Sourcing and Transparency:** Embedding human rights considerations explicitly within procurement and operational policies to prevent association with violations.

- **Supply Chain Mapping and Diversification:** Comprehensive mapping and diversification of suppliers and logistic routes to reduce contagion risks and increase operational agility.

- **Consumer Engagement and Communication:** Proactively employing transparent, culturally sensitive communication to engage with consumers about ethical commitments and policy adjustments.

- **Market Diversification:** Reducing dependency on conflict-prone or boycott-susceptible markets by exploring emerging and stable regional markets.

- **Collaborative Industry Approaches:** Partnering with NGOs, human rights organizations, and government agencies to establish credible ethical standards and oversight mechanisms.

7. Conclusion

The intersection of consumer activism, social justice, and global economic integration has created new challenges and opportunities for multinational corporations. This study highlights the tangible impacts of consumer boycotts on major global brands operating in Bangladesh and politically sensitive regions, illustrating sharper consumer awareness and growing insistence on ethical corporate behavior.

While economic losses and operational disruptions are evident, these dynamics also signal the transformative potential of informed ethical consumerism to reshape corporate policies and market strategies. Moving forward, sustainable success for multinational corporations will necessitate robust, ethical frameworks and adaptive strategies incorporating cultural, political, and social dimensions.

Further research integrating granular quantitative data and primary stakeholder insights will deepen understanding and extend practical frameworks conducive to responsible global commerce.

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