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A Study of Marketing in FMCG Sector

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Abstract

India has witnessed significant growth and transformation in the recent years not only in the urban but also in rural areas however changing consumer preferences and taste play a key challenges before the domestic firms private final consumption expenditure, gross domestic capital formation, infrastructure development, urbanization smart city project are provide positive economic environment for FMCG sector development. The purpose of the study is to identify the tools and technology in the country SWOT analysis due to new economic policy domestic firms are facing challenges regarding competition, regulatory barriers supply chain complexities. Study that the rural sector also witnessing significant growth in non food and food FMCG. FMCG are affected by digitization of economic growth.

Key Words

Fast-Moving Consumer Goods (FMCG), Economic Growth, Marketing, SWOT Analysis.

Introduction

Fast moving consumable goods includes those offerings which are having short span of life and less time to consume and high frequency of buying and selling on the other hand in the context of suppliers it has low price, low margin and high sale volume. FMCG with an estimated size of Rs. 1,300 billion. The sector has seen tremendous average annual growth of about 11% per annum over the last decade. The large percentage of which around 9 million are kirana stores. India FMCG sectors' and low operational cost. India's FMCG market valued at 110 Billion US\$ in 2020, compared to 2012 Market size of FMCG expected to grow to over 615 billion \$. The online market size (FMCG) in the consumer sector estimated to be over 10 billion \$ SV \$ in 2023. During corona virus pandemic in March 2020 online shopping turned into a more relevant alternative for offline FMCG purchase.

SWOT Analysis of FMCG Sector in India

Strength

- Growing demand; market size in Indian FMCG sector at us dollar 307.2 billion in 2020.
- Advertising through digital tools grew to reach us dollar 9.92 billion in 2020.
- Policy support central Government focus on rural infrastructure, connectivity and mobility to create long term job.
- Total revenue of FMCG market is accepted to grow at CAGR of 27.9% through 2021-27.

Weakness

- Lower scope of investing in technology and achieving Economies of scale, especially in small sectors.
- Low export levels.

Opportunities

- Entrepreneurs are facilitated in startups in the food related FMCG industry due to huge possibility of growth.
- Online or digital platform are exploring the world as one market and even local market specialization are provided opportunities in the world due to geographical identification.

Threats

- After liberalization global quality products of MNCs are creating challenges.
- Taxation policies and regulatory structure.
- Fast moving consumer good (FMCG) – or Consumer Packaged goods (CPG) are products that are consumed quickly over a shorter period of time. Examples include non-durable goods such as grocery items, soft drinks, dairy products and toiletries.

Review of Literature

Of late there has been some special research on rural arts and culture linking it with the business environment in which the rural markets operate. Hence initially few reviews focus on rural culture from a perspective of understanding marketing dynamics of rural economy:

Johnson, et.al (2019) stated that this review of the scholarly and applied literature was undertaken with 2 goals. We identified how the culture arts and, innovation and entrepreneurship in rural and urban area.

Wojan and Nichols (2018) reported the results of an analysis utilizing a new and novel data source, the 2014 Rural Establishment Innovation Survey (REIS). the economic performance of the region. **Kelliher, et al. (2018)** in Micro firms the rural communities in foreign sector for insface Canada, irland and the us the role of trust is playing significant role.

The National Endowment for the Arts (Wojan and Nichols 2018; Nichols et al. 2017) studied innovations in perfrmng arts and uncovering the significant differneces under rural and urban portion.

In its recent report on rural arts, the NEA (2017a) reported that “while 36% of rural arts/cultural organizations say they give ‘a lot of civic leadership their communities, only 24% of urban arts/cultural organizations give that self- reported level of community support” (p. 2) Research is required to see if and how this civic leadership leads to larger social innovation in rural communities.

Acikgoz (2018) stated that deciding on the right products to offer to the target market is a demanding and crucial task that requires comprehension and knowledge into the customer’s needs, wants and demands. Thusly, the continuous development of new product strategies can be a significant determinant of sustained company performance. Product strategies include apart from product mix decisions product life-cycle strategies & market introduction of new-product developments (NPD). Since product strategies are a basic part of companies marketing mix, there has been attempted a lot of conceptual and empirical research to recognize the proper product strategies for critical success of industrial products. This paper analyses the discoveries of empirical work into the strategies developed for and by industrial FMCG companies for their products. It is the prime target of this work to condense the most significant discoveries in a compact and structured way and also to give theoretical insight as to how these product strategies are arranged implemented and controlled.

Chakraborty et.al (2015) studied that FMCG sector in india with market share of 13.1 billion and Indias FMCG sector reached as fourth largest sector. Significant fact is that rural India with more than 70 per cent share of the total Indian populace has developed as the most significant FMCG market. During the last 2 decades, deregulation, globalization and liberalization measures approved by the central Government have

made a worldview change in the FMCG sector. In addition, the expanding presence of MNCs in the Indian market has constrained the existing domestic companies in the FMCG sector to reorient their financial strategies so as to endure. Against this backdrop, the present investigation seeks to measure the changing status of the overall financial performance of sixteen selected companies in the Indian FMCG sector during the period 1993-94 to 2012-13. The paper is sorted out as follows it reviews the existing literature relating to the financial performance of Indian FMCG sector, trailed by a depiction of the objectives and the methodology adopted to pursue them. In this way, the discoveries of the study are discussed, and lastly, the conclusion is offered.

Qasim, et al (2015) stated that the aim of this research work is to study the consumers attitude towards Non Alcoholic Beverages. The data for the investigation has been gathered by performing face-to-face interview with the respondents with the help of questionnaire. This study gathers data from 400 consumers across Delhi NCR. This study is begun with objectives of examining socio-economic background of respondents, inspecting the factors influencing consumer preferences towards selected FMCG products that are Non- Alcoholic Beverages, checking the degree of satisfaction of consumers and knowing expectancy of the consumers. This investigation uncovers that consumer preferences are generally influenced by age, place, sex, product, price, psychological, availability, people and brand influences.

Malhotra (2014) It is imperative to concentrate on how to improve brand value for the customers as many brands are accessible for the same categories of products. Another area focussed in the paper is how recession influences the demand for fast moving Consumer Goods and what are the causes for these changes. In such a circumstance, it becomes necessary for the producers or the companies to expand the investments in these brands and items so that consumers are attracted towards them..

Agarwal (2014) suggested that consumer behaviour research is the scientific investigations of the processes consumers use to select, secure, utilize and dispose of products and services that fulfill their needs. Firms can satisfy those requirements only to the extent they comprehend their customers. The discoveries affirm the components impacting consumer buying behaviour for tooth paste brands accessible in the market.

Perspective of FMCG

From the Consumers' Perspective

- Frequent purchase or Daily consumed products.
- Low involvement in choosing the product item (except in case of loyalty regarding brand)
- Low price.

From the Marketers' Angle

- High volumes.
- Low contribution margins.
- Extensive distribution networks.
- High stock turnover.
- As per a study conducted by Booz & Company, FMCG sector is expected to grow in the range of 12% to 17% up to 2020 and could touch a market size between Rs. 4,000 to Rs.6,200 billion by 2020.

Conclusions

FMCG sector in india has great potential to grow and Government initiatives with economic policy and other legislative supports provides a platform for development as total revenue enhanced to 27.19% on the other hand indian firms have to compete with challenges like liberalization in the economy and competing with global firms. Patanjali, dabur, HUL, P&G ITC are playing key role in Indian market.

- The gap between urban and rural market are narrowing down as urban growth what are you doing stand at 6.8% and rural sector follows at 5.8% in 2020.
- It is very important to know that there is contrast trend as found slow down in volume growth in urban market as compared to rural growth.
- Non food category in FMCG show significant increase in growth with 8.7%, however food sector in FMCG has only 3.8% growth.
- FMCG sector emphasizing the industries adopting and enduring significance.

There was a macro model communications process followed which consists of 9 elements where Dove (sender) knew what target audiences it wanted the message to be decoded. It used all the possible communication tools like media, noise, Advertisements, public relations etc. in order to make this communication effective. It has been noted that the internet is having a huge impact on the marketing communications programs of companies.

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