

FAST MOVING CONSUMER GOODS RETAIL MARKET, GROWTH PROSPECT, MARKET OVERVIEW TOWARDS FMCG MARKET IN INDIAN MARKET

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ABSTRACT-The fast-moving consumer goods (FMCG) sector is an important contributor to India's GDP. Fast moving consumer goods (FMCGs) constitute a large part of consumers' budget in all countries. This study is aimed at to shed light on competitive conditions prevailing in the FMCGs retail trade sector. This study also focused on the analysis of competitive within the sector, and draws lessons for competition policy. FMCG Industry is characterized by a well established distribution network, low penetration levels, low operating cost, lower per capita consumption and intense competition between the organized and unorganized segments. India's FMCG sector creates employment for more than three million people in downstream activities. Each business association reaches to the customers through their goods or services. To sell the products to the customers various activities are being performed. This is called showcasing and it is an important capacity. Showcasing is the execution of business activities that directs the stream of goods and services from maker to the customer. The study is based on the perceptions, buying behavior and satisfaction of the consumers in Indian market. In this paper we describe the fast moving consumer goods retail market, growth prospect, market overview towards marketing concept of FMCG in India etc.

Keywords: FMCG, Indian FMCG Retail Market, FMCG Growth Prospect, FMCG Market overview.

INTRODUCTION

India's FMCG sector is the fourth largest sector in the economy and creates employment for more than three million people in downstream activities. Its principal constituents are Household Care, Personal Care and Food & Beverages. The total FMCG market is in excess of Rs. 85,000 Crores. It is currently growing at double digit growth rate and is expected to maintain a high growth rate.

Fast Moving Consumer Goods (FMCG) - alternatively known as consumer packaged goods (CPG) are products that are sold quickly and generally consumed at a regular basis, as opposed to durable goods such as kitchen appliances that are replaced over a period of years. The FMCG industry primarily engages in the production, distribution and marketing operations of CPG. FMCG product categories comprise of food and dairy products, pharmaceuticals, consumer electronics, packaged food products, household products, drinks and others. Meanwhile, some common FMCG include coffee, tea, detergents, tobacco and cigarettes, soaps and others. The big names in this sector include Sara Lee, Nestle, Reckitt Benckiser, Unilever, Procter & Gamble, Coca-Cola, Carlsberg, Kleenex, General Mills, Pepsi, Mars and others.

The Indian consumer market has higher disposable income the development of modern urban lifestyles. Increase in consumer awareness has affected buyer's behavior in cities, towns and even rural areas. According to a 2010 report by McKinsey & Co., India is set to grow into the fifth largest consumer market in the world by 2025.

Every organization works with certain objectives and these are to be achieved. To achieve the pre-decided objectives a number of activities are to be performed. It is not necessary that one all organizations would perform one type of activities. It is necessary to work in close coordination with production. Production alone is not going to serve the purpose. Production without marketing become useless for the company and marketing without production is not possible. Similarly, marketing is related to other activities like finance, research and human resource activities. So the main concerned here is with the marketing activities.

FMCG RETAIL MARKET:

The retail market for fast moving consumer goods (FMCGs) consists of various retail channels. The International Standard Industry Classification (ISIC, Revision 3) classifies retail channels into seven categories at the 4-digit level: ISIC 5211 retail sale in non specialized stores, ISIC 5219 other retail sale in non-specialized stores (department stores, etc), ISIC 5220 retail sale of food, beverages and tobacco in specialized stores, ISIC 5231 retail sale of pharmaceutical and medical goods, cosmetic and toilet articles, ISIC 5251 retail sale via mail order houses, ISIC 5252 retail sale via stalls and markets, and ISIC 5259 other non-store retail sale.

FMCG SECTOR IN INDIAN MARKET – OVERVIEW:

India's FMCG sector was valued at INR60,000cr in 2004 after a growth of 4% during 2003-04. According to a report by the Federation of Indian Chambers of Commerce and Industry (FICCI), several FMCG registered double-digit growth in value terms, for example, shaving cream (20%), deodorant (40%), branded coconut oil (10%), anti-dandruff shampoos (15%), hair dyes (25%) and cleaners and repellents (20%). On the contrary, negative growth of up to 8% was registered in products such as personal

healthcare, laundry soaps, dish wash, toilet soap, toothpaste and toothpowder. In 2008, India's FMCG sector had a value of INR86,000cr and analysts projected a growth of 15% in 2010 (2009: 12%) as the economy shows signs of recovery. According to the FICCI-Techno report, the FMCG sector will grow at a rate of 10-12% within the next decade to reach INR206, 000cr by 2013 and INR355, 000cr by 2018. The implementation of the proposed Goods and Services Tax (GST) and the less restrictive foreign direct investment (FDI) policies are expected to contribute to the growth of the FMCG sector to INR225, 000cr by 2013 and INR456, 000cr by 2018. With a total market size in excess of USD14.7bn, India's FMCG industry is the fourth largest sector in its economy and plays a vital role in India's socio- economic front with nearly eight million stores selling FMCG and employing some 25mn people as wholesalers, distributors and others. Besides that, the FMCG sector purchases nearly INR9,600cr worth of agricultural products and processes them into value-added products while the sector accounted for nearly 40% of the media industry's revenue.

FMCG IN INDIA

Products which have a quick turnover, and relatively low cost are known as Fast Moving Consumer Goods (FMCG). FMCG products are those that get replaced within a year. These products are purchased by the customers in small quantity as per the need of individual or family. These items are purchased repeatedly as these are daily use products. The price or value of the products is not very high. These products are having short life also. It may include perishable and non perishable products, durable and non durable goods. Examples of FMCG generally include a wide range of frequently purchased consumer products such as toiletries, soap, cosmetics, tooth cleaning products, shaving products and detergents, as well as other non-durables such as glassware, bulbs, batteries, paper products, and plastic goods. FMCG may also include pharmaceuticals; consumer electronics, packaged food products, soft drinks, tissue paper, and chocolate bars. A subset of FMCGs is Fast Moving Consumer Electronics which include innovative electronic products such as mobile phones, MP3 players, digital cameras, GPS Systems and Laptops. These are replaced more frequently than other electronic products. White goods in FMCG refer to household electronic items such as Refrigerators, T.Vs, Music Systems, etc.

Fast Growing Sector

In 2005, the Rs. 48,000-crore FMCG segment was one of the fast growing industries in India. According to the AC Nielsen India study, the industry grew 5.3% in value between 2004 and 2005. The Indian FMCG sector is the fourth largest in the economy and has a market size of US\$13.1 billion. Well-established distribution networks, as well as intense competition between the organized and unorganized segments are the characteristics of this sector. FMCG in India has a strong and competitive MNC presence across the entire value chain. The middle class and the rural segments of the Indian population are the most promising market for FMCG, and give brand makers the opportunity to convert them to branded products.

Growth Prospects

With the presence of 12.2% of the world population in the villages of India, the Indian rural FMCG market is something no one can overlook. Increased focus on farm sector will boost rural incomes, hence providing better growth prospects to the FMCG companies. Better infrastructure facilities will improve their supply chain. FMCG sector is also likely to benefit from growing demand in the market. Because of the low per capita consumption for almost all the products in the country, FMCG companies have immense possibilities for growth. And if the companies are able to change the mindset of the consumers, i.e. if they are able to take the consumers to branded products and offer new generation products, they would be able to generate higher growth in the near future.

Category	Products
Food and Beverages	Health beverages; soft drinks; staples/cereals/ bakery products (biscuits, bread, cakes); snack food; chocolates; ice cream; tea; coffee; soft drinks; processed fruits; vegetables; dairy products; bottled water; branded flour; branded rice; branded sugar; juices etc.
Household Care	Fabric wash (laundry soaps and synthetic detergents); household cleaners (dish/utensil cleaners, floor cleaners, toilet cleaners, air fresheners, insecticides and mosquito repellents, metal polish and furniture polish).
Personal Care	Oral care; hair care; skin care; personal wash (soaps); cosmetics and toiletries; deodorants; perfumes; feminine hygiene; paper products.

RESEARCH METHODOLOGY

Research strategy process incorporates various exercises to be performed. These are organized in legitimate arrangement of timing for leading exploration. One movement after another is performed to finish the examination work. Research system incorporates the accompanying advances:

Research Methods

For collection of primary data for this research work survey and observation methods have been used. Experimental method is not found suitable for this study because the topic is a theoretical topic and there is no need to have experiments. These two methods are explained below:

(a) Survey Method

Survey is used to collect quantitative information about items in a population. Surveys are used in different areas for collecting the data even in public and private sectors. A survey may be conducted in the field by the researcher. The respondents are contacted by the research person personally, telephonically or through mail. This method takes a lot of time, efforts and money but the data collected are of high accuracy, current and relevant to the topic. When the questions are administered by a researcher, the survey is called a structured interview or a researcher-administered survey.

(b) Observation Method

Observation is a complex research method because it often requires the researcher to play a number of roles and to use a number of techniques; including her/his five senses, to collect data. The observer puts himself in the actual situation and watch carefully. On the basis of his knowledge, skills and experience he collects the data without contacting the respondents. The results of observation entirely depend on the talents of the researcher. This method can be used only by expert persons in the research.

LIMITATIONS:

The study focuses and emphasizes on a sample size of 50 in and around Raipur due to the time and cost constraint. Since the area of study has only been Raipur and also on a select sample of 50 the results may or may not be applicable to the other cities in India.

Changing Trends in Indian Consumer Behaviour

Purchasing urban products is taking place in India at a tremendous pace and is influencing the life style and buying behavior of the consumers. The working urbanites are depending more on fast and ready-to-serve food, they take less pain in traditional method of cooking and cleaning.

Bulk purchases from hyper stores seem to be the trend these days, rather than frequent visits to the neighborhood market or store or vendor. A large number of consumers are visiting especially to the Malls rather than the plenty of shops available to the next door.

Instrument Used For Data Collection

- Questionnaire
- Telephone, Mobile Phone and Facsimile
- Mail
- Interview

Statistical Tools for Data Analysis

For data analysis measures of central tendency, standard deviation, variance will be used.

For testing of hypothesis F Test and T test will be used.

Hypothesis

The following hypotheses have been tested with the help of statistical tools:

(i) Null Hypotheses: There is significant difference amongst sales promotion strategies of the selected companies.

- There is significant impact of sales promotion strategies on sales, number of customers, overall profitability and business performance of selected companies

(ii) Alternative Hypotheses: There is no significant difference amongst sales promotion strategies of the selected companies.

- There is no significant impact of sales promotion strategies on sales, number of customers, overall profitability and business performance of selected companies

RESULT AND ANALYSIS**Table 1 Top 10 Companies in FMCG Sector**

S no.	Companies
1	Hindustan Unilever Ltd.
2	ITC (Indian Tobacco Company)
3	Nestlé India
4	GCMMF (AMUL)
5	Dabur India
6	Asian Paints (India)
7	Cadbury India
8	Britannia Industries
9	Procter & Gamble Hygiene and Health Care
10	Marico Industries

The companies mentioned in Exhibit I, are the leaders in their respective sectors. The personal care category has the largest number of brands, i.e., 21, inclusive of Lux, Lifebuoy, Fair and Lovely, Vicks, and Ponds. There are 11 HLL brands in the 21, aggregating Rs. 3,799 crore or 54% of the personal care category. Cigarettes account for 17% of the top 100 FMCG sales, and just below the personal care category. ITC alone accounts for 60% volume market share and 70% by value of all filter cigarettes in India. The foods category in FMCG is gaining popularity with a swing of launches by HLL, ITC, Godrej, and others. This category has 18 major brands, aggregating Rs. 4,637 crore. Nestle and Amul slug it out in the powders segment. The food

category has also seen innovations like softies in ice creams, chapattis by HLL, ready to eat rice by HLL and pizzas by both GCMMF and Godrej Pillsbury. This category seems to have faster development than the stagnating personal care category. Amul, India's largest foods company has a good presence in the food category with its ice-creams, curd, milk, butter, cheese, and so on. Britannia also ranks in the top 100 FMCG brands, dominates the biscuits category and has launched a series of products at various prices.

Table 2 Demographical Analysis

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20 03	180	130	45	4
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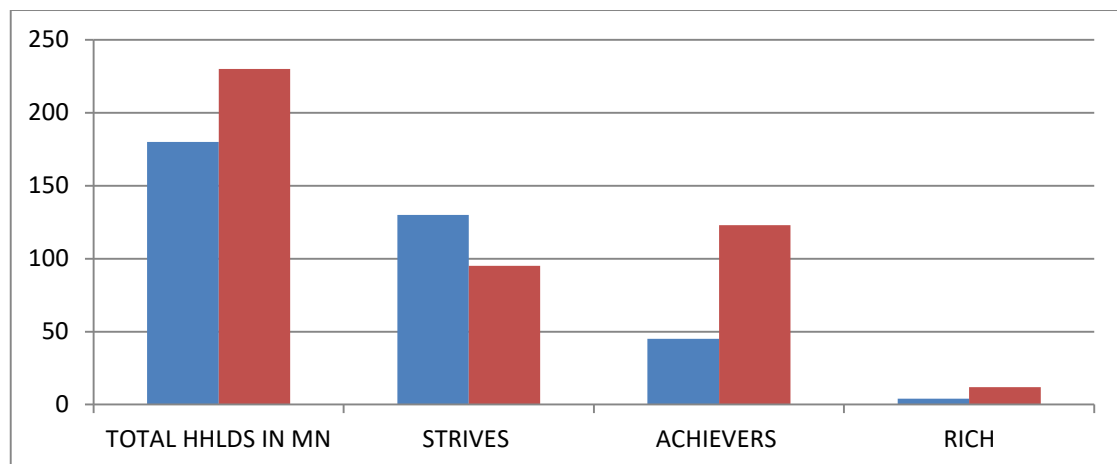


Figure 1 Demographical Analysis

The Indian culture, social & life styles are changing drastically. The total population is nearly 115 crores and population includes rich, poor, middle class, male, female, located in rural, urban and sub urban areas, different level of education etc.

CONCLUSION

The FMCG sector has had a much better time in recent months, with market showing signs of broad revival. The retail market in India is competitive. There are no legal restrictions on entry, and no discrimination against foreign companies. Prices across retail formats differ substantially for a market operating on a very thin profit margin. However, these differences are likely to stem from cost differences. Any single retailer may not seem to establish a dominant position in the national market. Indian industry is a fast developing industry. Fast Moving Consumer Goods (FMCG) are more in demand and much of the time purchased by customers. Primary items in this class are detergents, soaps, shaving products, shampoos, toothpastes and brushes, packed nourishment stuffs, household accessories, creams, oils, tea, espresso and so forth. The significant players in the markets are HUL, Nestle, P and G, Colgate, ITC, Nirma, Britannia, Amul, Emami, Marico and Dabur. Each family spends a large segment of month to month spending plan on FMCG products. But since December'04, the sales of various brands belonging to key players and the overall FMCG industry performance have picked up and the intense sales promotional efforts, cut throat competitive strategies, stronger distributional efforts have helped various brands penetrate deeper into the markets and increased sales.

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