

# A STUDY ON FMCG (FAST MOVING CONSUMER GOODS) MARKETING ACTIVITIES

*Dr. C. DHANALAKSHMI*  
ASSISTANT PROFESSOR  
COMMERCE (AICM)

*SREE KRISHNA ARTS AND SCIENCE COLLEGE, COIMBATHORE*

*ABDUL AZEES K A*  
Ph.D RESEARCH SCHOLER

*SREE KRISHNA ARTS AND SCIENCE COLLEGE, COIMBATHORE*

## 1 .Abstract:

*The paper focuses on marketing of fast moving consumer goods. Fast moving consumer goods are generally low profit margin. Products are therefore sold in large quantities. Therefore, it is very important to focus on how to improve brand value for the customers as many brands are available for the same categories of products. Another area focused in the paper is how recession affects the demand for fast moving Consumer Goods and what are the reasons for these changes. In such a situation, it becomes necessary for the producers or the companies to increase the investments in these brands and products so that consumers are attracted towards them. In order to support these observations Dove's Real Beauty Campaign has been elaborately discussed and the points which lead to the success of this campaign have been highlighted. Unilever was able to create a brand value for Dove by taking regular consumers in its advertisements rather than professionals or celebrities. Consumer women became its brand Ambassadors in place of celebrities.*

**Key words:** *Fast Moving Consumer Goods, Marketing, Unilever, Dove's Real Beauty Campaign*

## 2.Introduction of FMCG

Fast-Moving Consumer Goods (FMCG) or Consumer Packaged Goods (CPG) are products that are sold quickly and at relatively low cost. Though the profit margin made on FMCG products is relatively small (more so for retailers than the producers/suppliers), they are generally sold in large quantities; thus, the cumulative profit on such products can be substantial. FMCG is probably the most classic case of low margin and high volume business. The Indian FMCG sector is the fourth largest sector in the economy 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. In India, the scenario is quite different in comparison to developed nations where the market is dominated by few large players, whereas FMCG market in India is highly competitive and a significant part of the market includes unorganized players selling unbranded and unpackaged products. Approximately 12-13 million retail stores exist across India, the large percentage of which around 9 million are kirana stores. India FMCG sectors' comprises of few significant characteristics like well connected distribution network, high level of competition between the organized and unorganized FMCG players, and low operational cost. In India, FMCG companies have privilege of having easy availability of raw materials, cheaper labor costs and presence across the entire value chain gives India a competitive advantage.

## 3.Weak areas of FMCG sector:

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

- Rising income levels and higher disposable income, resulting in increase in purchasing power of consumers
- Large domestic market with more population of age group Between 20 and 30.

#### 4.Threats:

- Liberal import policies resulting in replacing of domestic brands.
- Government Taxation policies and regulatory structure
- Rural demand is seasonal and depends upon monsoon. Fast moving consumer goods (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. Conditionally, the absolute margins on goods are very low and profit made on FMCG is comparatively low, the products are sold large quantities so the substantial profits are generated. The term FMCG refers to those consumer goods that are sold quickly and at lesser prices. The life of the FMCG is very short and the products are used up over a short period of days, weeks, or months, and within one year. FMCGs have a short period of life, either due to high consumer demand or because the product deteriorates rapidly. Some FMCGs – such as dairy products, fruits and vegetables, meat, etc. are highly perishable in nature and should be used at earliest. Other goods such as soft drinks, alcohol, cleaning products, toiletries and pre- packaged foods, have higher sales volume and high turnover rates.

#### 5.The main characteristics of FMCGs are:

##### From the consumers' perspective:

- Frequent purchase or Daily consumed products.
- Low involvement (little or no effort to choose the item -- Products with strong brand loyalty are exceptions to this rule)
- Low price

##### From the marketers' angle:

- High volumes
- Low contribution margins
- Extensive distribution networks
- High stock turnover

FMCG denotes Fast Moving Consumer Goods, supplied in the retail marketing as per the daily consumer demand. These daily needs and wants have to be served to satisfy their hunger. Therefore these trillion in the total economy with rural India contributing to a third of revenues.

□ 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.

□ Consumer preferences in rural markets have shown a paradigm shift over the last few years. Their consumption basket looks very similar to that of urban counterparts. Premium products are replacing basic versions and brands are making their presence felt. Nielsen estimates that the FMCG market in rural India will mark US\$ 100 billion by 2025, from the current level of US\$ 12 billion. Moreover, the Government's efforts to improve the efficiency of welfare programs with cash transfers will further boost rural consumption; it plans to deposit US\$ 570 billion in the accounts of 100 million poor families by 2014.

□ The rural FMCG market in India has grown 15% in 2011 (Nielsen Report, 2012). The Indian rural consumer market grew 25% in 2008 and reached US\$ 425 billion in 2010-11 with 720-790 million customers (Quarterly Report, CIITechnopak, 2011). According to FICCI Technopak Report 2009, FMCG industry is projected to grow by 12% and reach a size of US \$ 43 billion by 2013 and US \$ 74 billion by 2018. During the year under review, the FMCG industry continued on steady growth trajectory. Riding on continued demand for branded food products, personal care, household care, baby care and OTC

Products, the Indian FMCG sector crossed the Rs. 2-trillion mark in fiscal 2012-13, as per AC Nielsen. Future growth in the FMCG sector is expected to be driven by:

- Low per capita consumption: Per capita consumption levels in FMCG categories such as skin care, shampoos and toothpastes are much lower in India as compared to other markets and are expected to drive growth in future.
- Favorable demographics: 65% of India's population is below the age of 35 years, making India one of the youngest nations and an important aspect of consumption growth.

- Low penetration levels of consumer products in most.

## 6.Problems of FMCG

**Fast Moving Consumer Goods (FMCG)**, are products that are sold quickly at relatively low cost. Though the absolute profit made from FMCG products is relatively small, they generally sell in large quantities, so the cumulative profit on such products can be large. Examples of FMCG generally include a wide range of frequently purchased consumer products such as toiletries, soap, cosmetics, teeth cleaning products, shaving products and detergents, as well as other non durables such as glassware, light bulbs, batteries, paper products and plastic goods. Fast Moving Consumer Goods companies matured in the 1960s and the massive competition that followed forced the companies to consolidate and find new ways of making money. They did this by learning to segment markets into groups of customers with common needs and buying motives, and then developing solutions that appealed particularly strongly to those segments.

This was hard work but it paid off, smaller sub markets (segments) were penetrated more deeply and at premium prices. Marketers had made a major discovery in the process of knowing how to grow revenues from saturated markets. Today, the situation is somewhat different. If the marketers were segmenting effectively, their urgent moves into new areas of sales growth would not be necessary.

## 7.MARKETING OF FAST MOVING GOODS

As the Fast Moving Consumer Goods are low priced and many brands and companies are involved in the manufacturing and production of same categories of products, it becomes really difficult to project a special place in the minds of the consumers. Therefore, marketers have to think of special plans and ways in which they can attract consumers towards their products even at the time of normal economic circumstances or at the time of boom in the economy. Therefore, at the time of recession, the difficulties increase even more. As we all have seen or heard about the most recent recession that has affected the world economy really badly, it became difficult for many industries to survive. Similar is the case with FMCG as well. As it is a low priced and high volume area to work upon, it became really difficult for sellers to make or increase the profit margin regarding the same. The main reason for this is that due to recession and a need to save money people prefer buying cheaper brands as compared to highly expensive ones. Due to the profit margin being lower than other industries, it becomes really difficult for these FMCG companies to sustain and survive. Brands that take a proactive stance and treat the recession as an opportunity are likely to come out of the recession stronger than before. In this article, I am trying to describe what can be done by these companies on how they can improve profits with the help of Dove's Real Beauty Campaign.

### *Increasing Investment in Brand*

In recessions, shoppers have a natural tendency to switch to private labels in order to save money. What the brand needs to concentrate on in such a scenario is either they can lower the price of their own products or they can offer something of value to the customers such that they can buy these goods even at a higher price. Due to increase in the price sensitivity during recession time, reducing the price can prove to be beneficial to a great extent.

Secondly, coming out with such ideas that can attract consumers and can make it clear in their eyes that using a particular product would offer certain benefits to them or add value more as compared to other goods or services. Reducing the investments in brand during the time of recession weakens the equity of brands and negatively impacts on shareholder value. In sum, companies often do the wrong thing by reducing marketing expenditure despite compelling evidence that it pays to not follow the general trend of cutting back during a recession. Marketing expenses should be treated as investments that can help an organization in building large customer base in the long run rather than being treated as an expense that is of no use to the company.

## 8.Conclusion

From a brand perspective, the positive aspects far outweighed the critical commentary about the campaign. The brand did run the risk of being labeled as the brand for fat girls or a mediocre beauty brand, but given the brain and money power put behind the campaign and the ability of Unilever to fine tune and augment their Real Beauty campaign based on market feedback and response, I am confident that Unilever will be able to sustain this positioning long enough to reap the planned benefits. The communication campaign was extremely experimental as it had not been used before Dove or afterwards by any other organization. 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. Dove also encouraged the feedback channels from the audience via text messages, emails and interactive website in order to track the effectiveness of their communication and the image shift. It has been noted that the internet is having a huge impact on the marketing communications programs of companies. The hierarchy of effects model was used to analyze how the Web is being exploited by Dove for influencing consumers and evaluates its appropriateness and success of the campaign.

## 9.Results

The campaign focusing on real beauty equipped with the details as explained in the report above brought the following results to Dove: Its sales were quadrupled depending on various regions and countries .The company website noted a 200% increase in its traffic and consumer interactions

- In 2004 the market share increased to 13.5% compared to 7.4% in 2003
- An audit in 2005 showed significant shift in brands image and it had made its entry to the premium segment of the market
- Dove was recognized as an industry expert in beauty and cosmetics
- In 2006 Ogilvy and Mather won Grand Effie Award for carrying out this extensive marketing communication campaign which was a success This campaign was extremely innovative and a success. There was a shift in the positioning of the organization with its brand being recognized as leading industry expert. There was over all raise in market share and profitability of the organisation. In particular Dunleavy was involved with a couple of projects later on which helped raise the self-esteem in young girls and women giving them the knowledge of real beauty. The interactive platforms helped to gain the feedback from consumers about their campaign and products which assured them of doing the right thing. Finally, this campaign cannot be of success to any other competitor or organization as Dove has differentiated and unique products and the light of the communication campaign was more to portray and Understand real beauty which was a risk taken by Dunleavy and worked well for Dove. In this analysis, it is concluded that the marketing communications tools of advertising, sales promotion public relations, direct marketing and word-of-mouth, have been effectively used to influence the browser at the cognitive and affective stages of response. Therefore, whenever a company has to increase awareness of their own products specially, in case of FMCG products, it becomes necessary to create value in the minds of the consumers. This can be done by adopting different methods to project your message in the mind of the consumers. This was done by dove by making consumers appear in their ads rather than celebrities. Consumers were made the brand ambassadors instead of celebrities.

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