

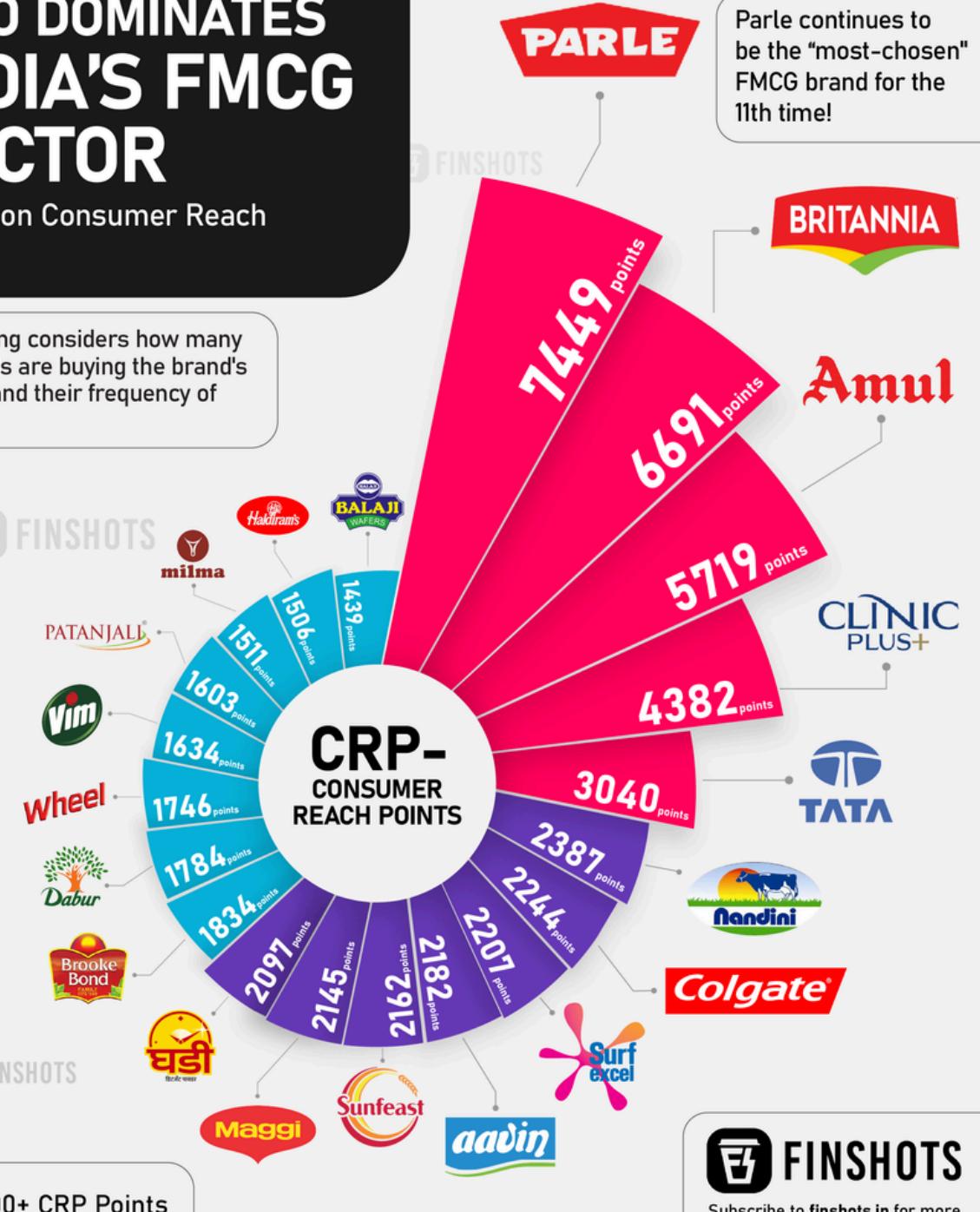


# Insights On INDIAN FMCG MARKET

# WHO DOMINATES INDIA'S FMCG SECTOR

(Based on Consumer Reach Points)

CRP ranking considers how many households are buying the brand's products and their frequency of purchase



# GROWTH IN PREMIUM FMCG SALES

## **Effect of quick commerce platforms-**

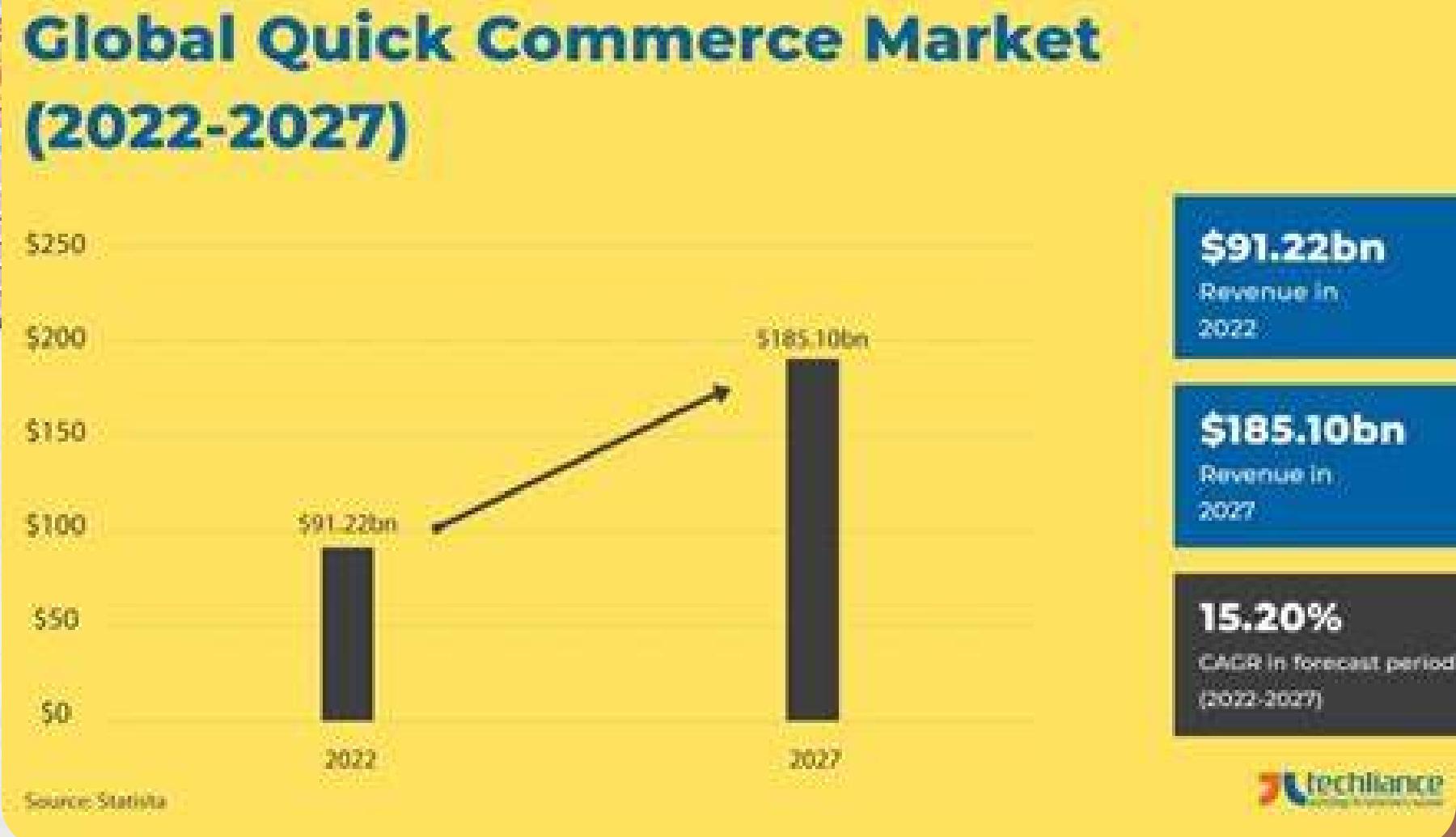
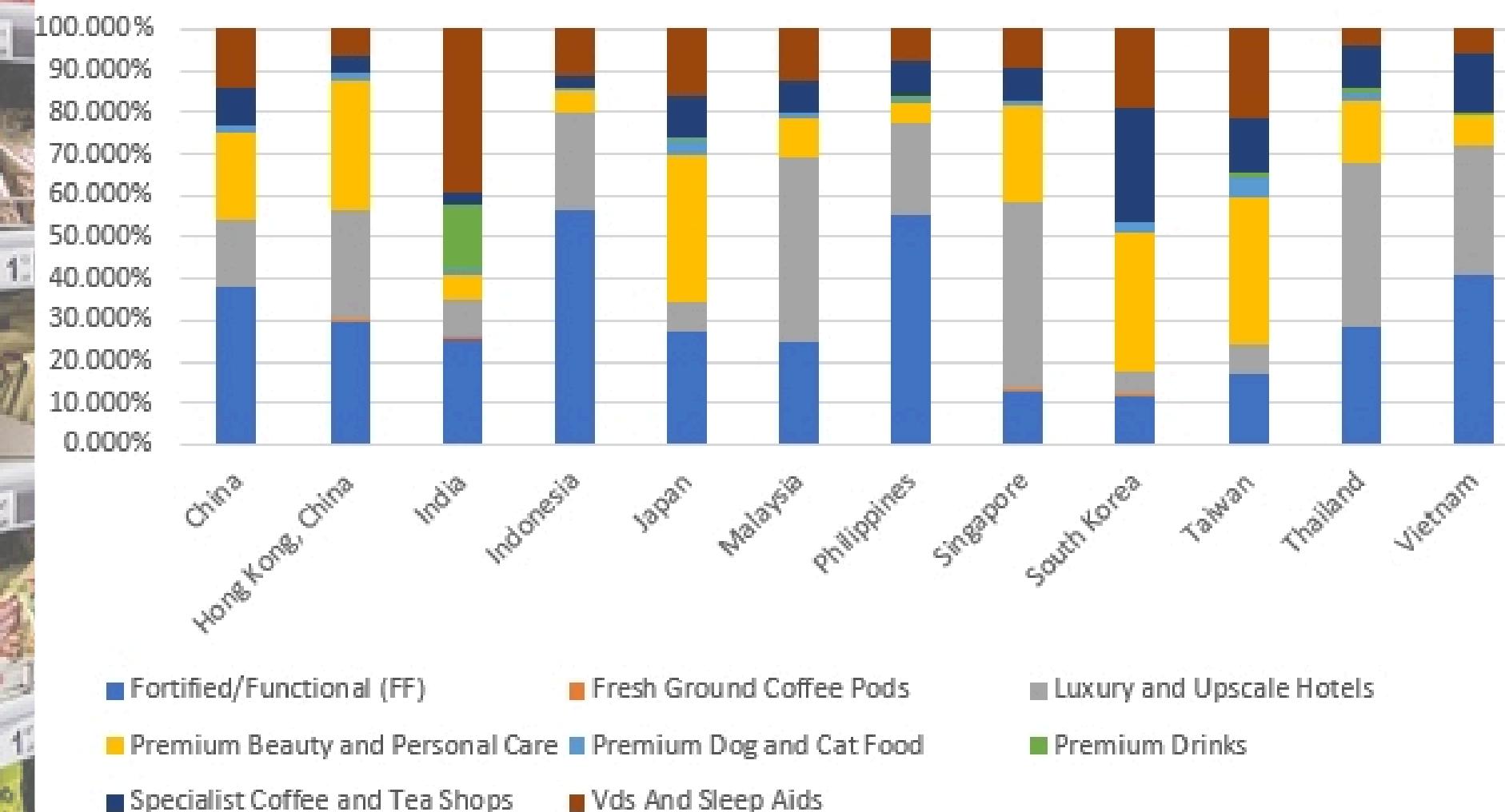
Quick commerce is reshaping the FMCG landscape by enhancing consumer convenience, altering purchasing behaviors, and driving significant growth in the sector.

- change in consumer preferences as they prefer more convenient options like Blinkit, Zepto, and Swiggy Instamart offering delivery within 10 to 30 minutes.
- FMCG companies are reporting higher profits through quick commerce compared to traditional retail channels
- The rapid expansion of quick commerce is causing disruptions in the traditional retail ecosystem like challenges caused by competitive landscape
- The future of Q-commerce seems promising as consumer demand for convenience continues to rise. The market is expected to reach nearly USD 10 billion in India by 2029

# Premiumization Trends

# FMCG market

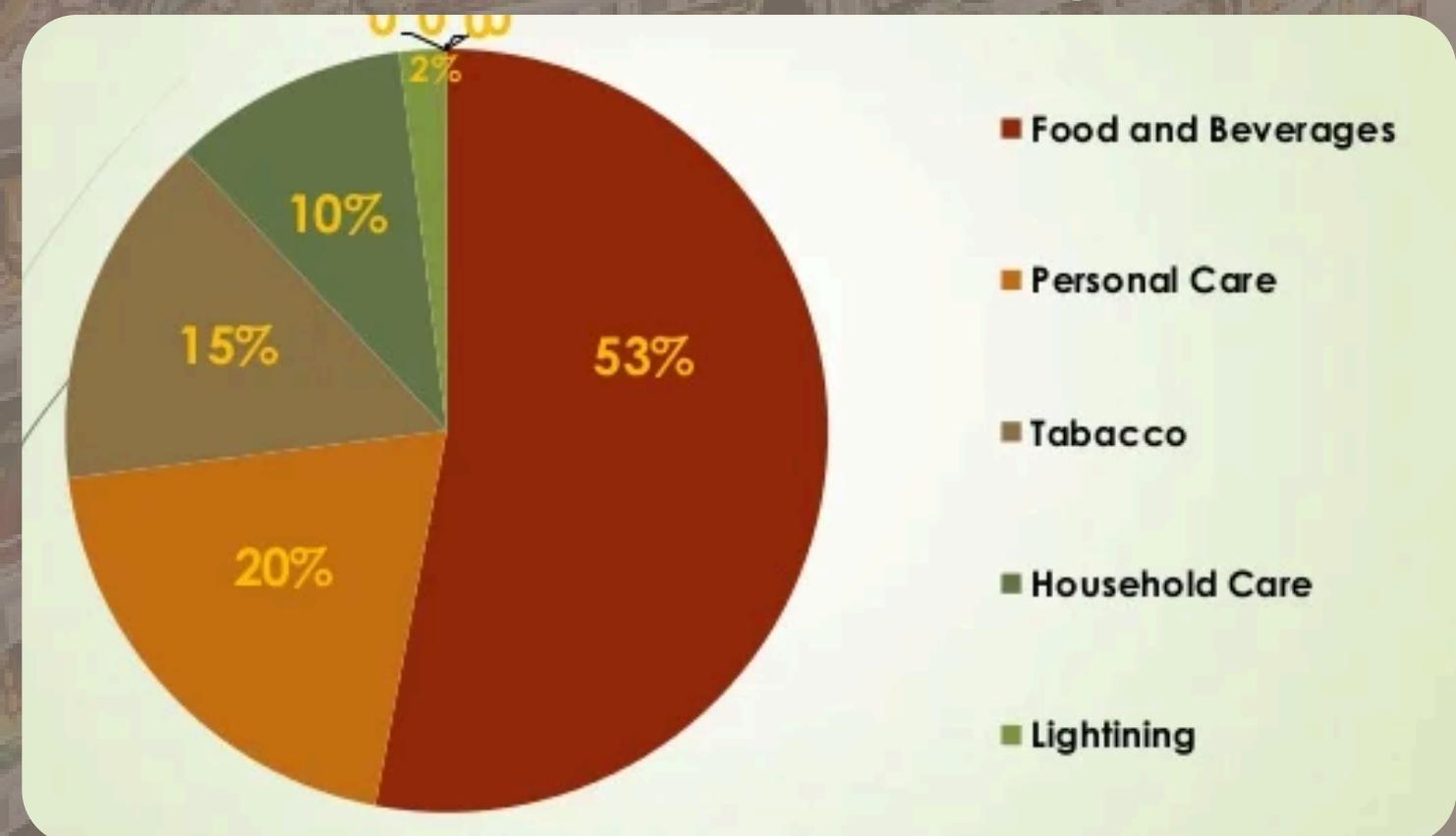
Premiumisation Proxy Shares, Asia Pacific, 2020:



# GROWTH IN PREMIUM FMCG SALES

## Impact of inflation on consumer behavior toward premium FMCG products

- consumers often prioritize their spending, leading to a shift away from premium products toward more affordable or value-oriented options, as seen in various markets where over 30% of consumers reported purchasing more own-brand products due to inflation pressures
- inflation reduces purchasing power, it reduces the purchase of non essential items



# EROSION OF CONSUMER CONFIDENCE

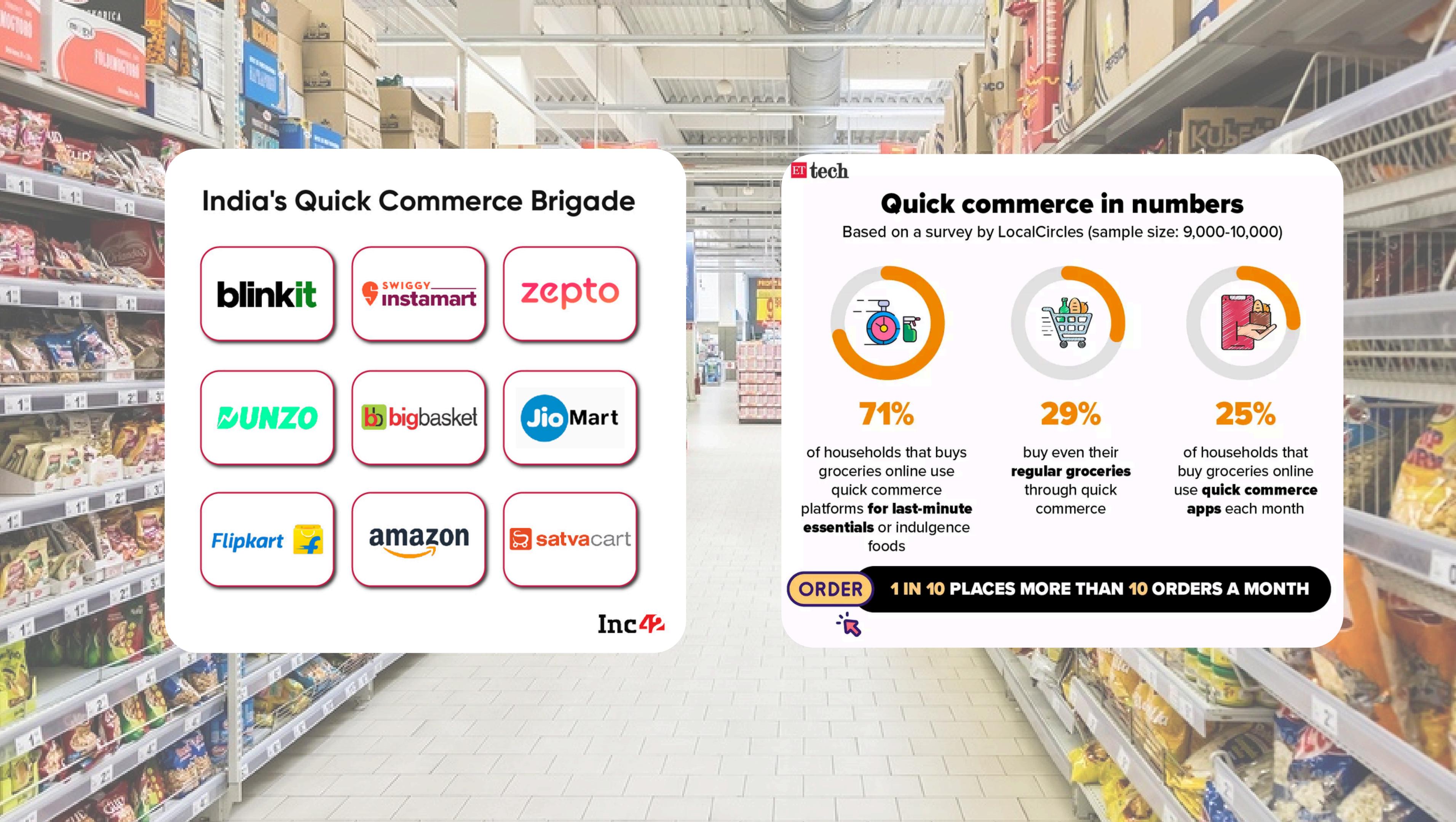
**As the costs of essentials continue to rise, consumers are increasingly prioritizing value for money over premium purchases.**

- change and shift in spending activities-Many are opting for more affordable alternatives and reducing discretionary spending on non-essential items. For instance, surveys indicate that 69% of consumers are cutting back on non-essential purchases as they seek to manage their budgets more effectively
- Reports show that 55% of consumers shop less frequently and 22% only purchase items when discounts or coupons are available as the prices continue to rise
- around 54% of consumers have reported purchasing cheaper products than they would have before the cost-of-living crisis. This indicates a clear shift towards prioritizing necessities over premium FMCG products.
- FMCG brands need to adapt their strategies by offering more value-oriented products and promotions to retain customer loyalty in a highly competitive market landscape.

# EROSION OF CONSUMER CONFIDENCE

## effect of deep discounting

- The All India Consumer Products Distributors Federation (AICPDF) has highlighted that predatory pricing practices like aggressive discounting creates significant pressure on small retailers and disrupt traditional distribution networks, which could lead to a perception that premium products are less exclusive or valuable when heavily discounted
- This can erode brand loyalty and diminish the aspirational value that premium FMCG brands typically hold in the market.
- As quick commerce platforms partner with FMCG brands for promotional offers, the challenge lies in maintaining a balance between accessibility and brand prestige
- With quick commerce contributing significantly to e-commerce revenues—approximately 35% for many companies—brands must navigate the dual pressures of maintaining profitability while also appealing to price-sensitive consumers.



## India's Quick Commerce Brigade

**blinkit**

**SWIGGY  
instamart**

**zepto**

**DUNZO**

**b bigbasket**

**JioMart**

**Flipkart**

**amazon**

**satvacart**

**Inc42**

**ET tech**

## Quick commerce in numbers

Based on a survey by LocalCircles (sample size: 9,000-10,000)



**71%**

of households that buys groceries online use quick commerce platforms **for last-minute essentials** or indulgence foods



**29%**

buy even their **regular groceries** through quick commerce



**25%**

of households that buy groceries online use **quick commerce apps** each month

**ORDER**

**1 IN 10 PLACES MORE THAN 10 ORDERS A MONTH**

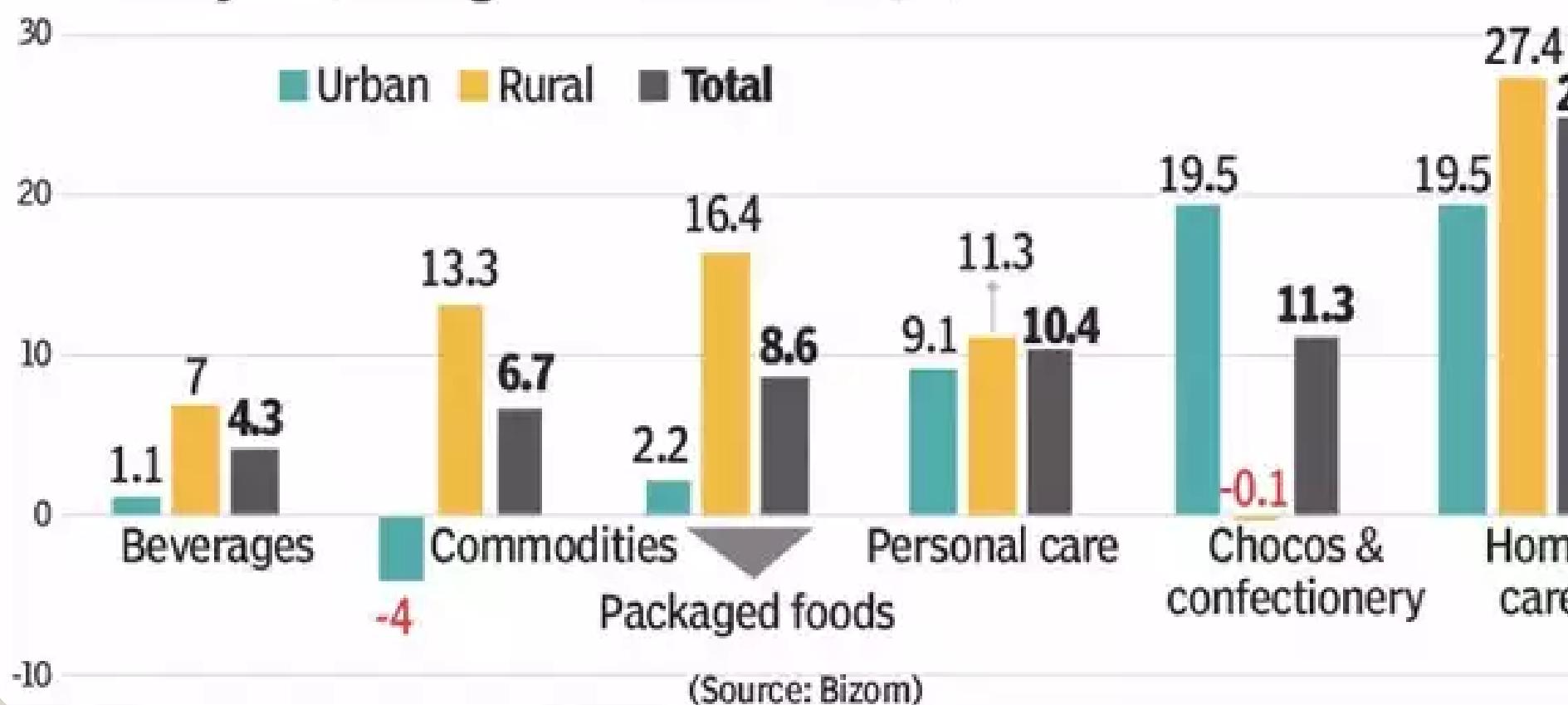
# URBAN-RURAL GROWTH DISPARITIES:

## **The faster growth of rural FMCG markets despite affordability challenges**

- Rural consumers are witnessing an increase in disposable incomes, with the average rural household income projected to reach ₹2.4 lakh by 2025-26 leading to rising purchasing power
- Rural consumption growth reached 6.0% in Q3 2024, significantly surpassing urban growth of 2.8%. This indicates that rural consumers are increasingly willing to purchase a wider range of FMCG products
- Increased access to smartphones and the internet has facilitated online shopping, enabling rural consumers to explore and buy a variety of products conveniently
- Targeted approach- FMCG companies are adapting their marketing strategies to cater specifically to rural markets by offering affordable pack sizes and localized product formulations that resonate with regional preferences

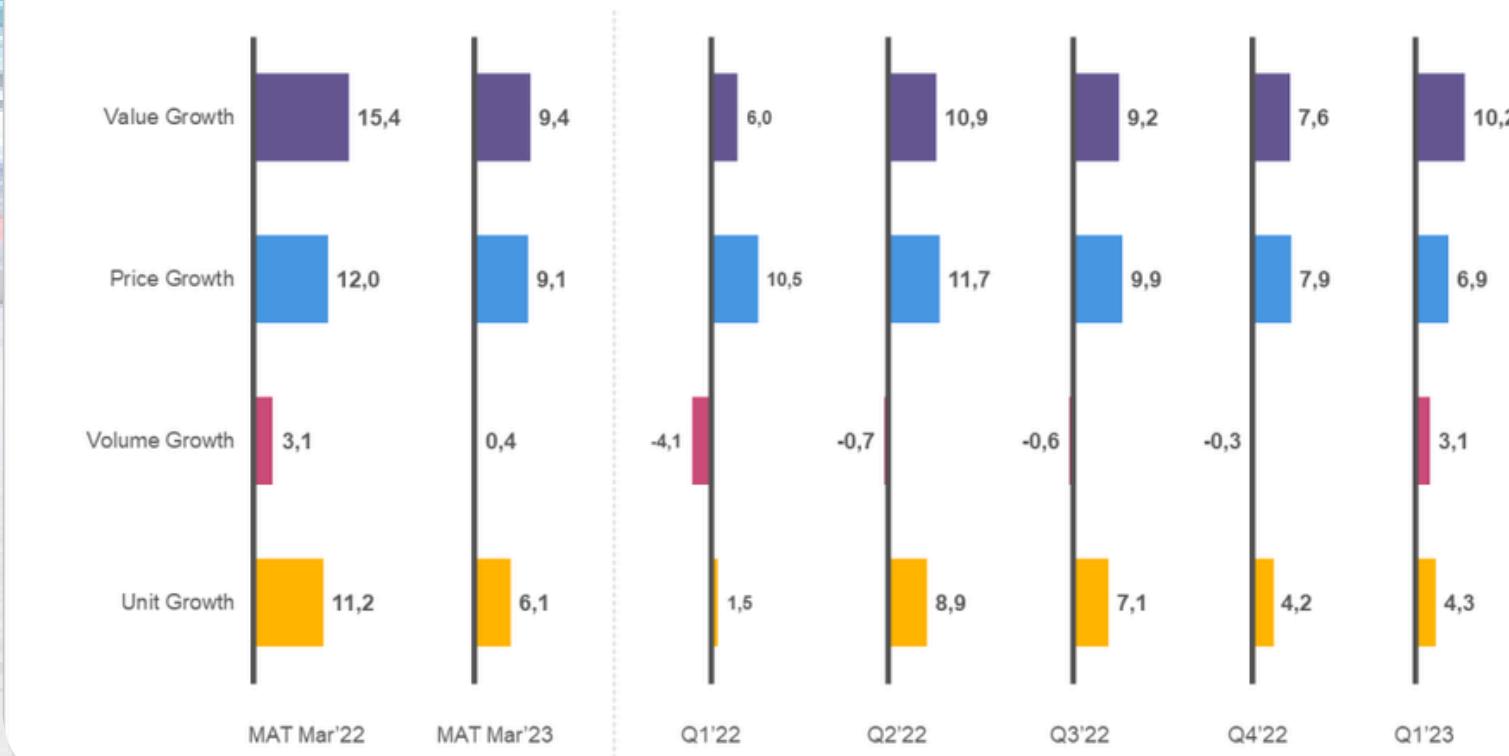
## BOUNCING BACK WITH VENGEANCE

Year-on-year sales growth in Feb '23 (%)



FMCG grew at 10.2% and saw a growth recovery in Q1'23

FMCG – All India Urban + Rural – Growth vs YA



# Growth Trends in FMCG Market

# ACTIONABLE RECOMMENDATIONS FOR FMCG COMPANIES

1. product differentiation and USP-products that offer unique features, superior quality, or health benefits
2. limited editions and Collaborations
3. E-commerce Optimization: Invest in enhancing online shopping experiences through user-friendly interfaces, detailed product descriptions etc
4. use social media and content marketing
5. customer insights using data analytics and personalized customized marketing
6. Emphasize eco-friendly packaging solutions for environmental sustainability
7. Partnership with quick commerce platforms and modern retail outlets
8. Cater to the increasing demand for wellness-oriented options among urban consumers.
9. Monitoring market trends and adopting flexibility and adaptability and implementing feedback mechanisms

# STRATEGIES TO BALANCE PREMIUMIZATION WITH AFFORDABILITY UNDER INFLATIONARY PRESSURES.

1. pricing strategies- value based pricing and psychological pricing
2. diversified range of product lines
3. R&D and cost effective innovation(design to cost innovation)
4. Incorporate sustainable practices into product development and marketing. Consumers are increasingly valuing brands that demonstrate environmental responsibility
5. Promotional strategies and loyalty programs
6. Enhancing online shopping experience
7. Partnerships with quick commerce platforms
8. data analytics and monitoring