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Effect of post covid -19 lockdown on fast-moving consumer goods sector (FMCG) in India

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Abstract

The Indian economy is facing a significant growth spurt in the FMCG sector in diversity businesses, including food, beverages, cereals, cosmetics etc. The paper reads about the impact of coronavirus epidemic in FMCG sector in India and impact on consumer behavior in India. This paper found that the FMCG sector is highly susceptible to the coronavirus epidemic as well employment is affected in India as workers have relocated to their place of birth due to coronavirus epidemic. The company's responses to this issue include the introduction of safety procedures, sanitation and hygiene practices, updated information policy, the inclusion of new vendors, the simplification of their product portfolio, is more responsive procurement robustness tests, disaster analysis or emergency management plans. In this way the FMCG sector can deal with the coronavirus.

Keywords: FMCG, Covid-19, coronavirus epidemic, kirana stores, impact

Introduction

Anxiety is on the market due to the coronavirus epidemic. No epidemic is unaffected in the market. The Corona epidemic affects all industries such as FMCG, FMCD, insurance, finance, etc. COVID-19 has contributed to the global economic downturn in the FMCG business as the first result of the global epidemic. The epidemic has also boosted the economy

locations around the world, present the following global crisis, affecting 195 countries all around the world. Various countries are taking decisive action to combat this scourge. Public The isolation, however, has had a major impact on the FMCG industry. Any few reasons many FMCG firms around the world are organizational challenges, lack of adequate jobs, limited production and production activities only required. The effects of COVID-19 also did not protect the food and beverage sector. As a result of shortage of fresh fruits and vegetables for example, businesses do this work of refined and non-perishable goods have seen high profits grow. However, due to a lack of food security, some workers and governments are shutting down restaurants and food outlets are facing problems. Demand is also growing at an unprecedented rate growth rates for organic and organic products enrich the diet. For example, in India, Nourish Bio Foods PVT Ltd experienced a 30 percent sales growth between February and March 2020, which includes the sale of plant-based foods, gluten-free and vegan. Cosmetics and paint assets were predicted to decline sharply during the COVID-19 epidemic. Other non-essential items are required to compensate for market shortages in the next half of the year in addition to others things that are considered necessary during such a disaster. For example, since the outbreak of Covid-19, American consumers adjusted their behavior when purchasing, with 27.5 percent reporting that The epidemic has led to problems with avoiding public events and important events declining demand for cosmetic products. On the other hand, demand is growing at an alarming rate a world of hygiene products such as side washing machines and hand washing inside prostitution and online marketing (Mahajan, 2020).

The Indian FMCG industry recorded a growth rate of 9.4 percent in the January-March 2021 quarter, which is driven by growth in consumption-driven and rising commodity prices, particularly basic, said data analyst Nielsen.

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The domestic market continued to operate at strong growth of 14.6 percent during this period and municipal markets registered positive growth after two quarters.

Rise of Fast Moving Consumer Goods (FMCG) market post covid -19 Fast market growth for Fast Moving Consumer Goods (FMCG) from traditional trading channels exceeded double-digit, while e-commerce growth slowed to one-quarter for the January-March quarter.

"The FMCG industry in India has experienced a growth rate of 9.4 percent in the last quarter of March 2021 after a 7.3 percent growth in the previous quarter (October-December 2020), over the same quarter of last year," said FMCG Summary Q1 2021 released by the NielsenIQ Retail Intelligence team.

Commenting on it, NielsenIQ South Asia Leader Dadanshu Ray said: "This is underpinned by the basics, the important non-eating and leisure activities.

However, he also warned that the start of the second quarter could bring new things, as the situation is strong across the country.

"Now that the reopening has re-emerged, and with the increase in delivery for the last few miles, the e-commerce channel will continue to be strong," he said.

According to the report, major cities registered positive growth of 2.2 percent in the January-March quarter after two-thirds of the decline compared to last year.

"Rural markets continue to build up growth momentum - which grew by 14.6 percent in the Mar quarter after 14.2 percent growth which posted in the December quarter," he said.

In addition, Nielsen is expecting the best rain this season, making it the third consecutive year for rural people to rejoice.

This has had a significant impact on the income of agricultural families and kept rural sentiment rising.

In addition, rural centric schemes such as large-scale MGNREGA cuts, wage increases and MSP increases in essential crops have played a major role in keeping FMCG use in rural markets intensified.

"We have also seen large and medium-sized companies return to Rural India, he added.

Commenting on the increase in consumption for the quarter of January-March, Nielsen said it was similar to food and non-eating The food basket has gained momentum from rising prices - especially in basic categories such as edible fats and blended tea.

Consumption growth has been proven at certain stages in the non-basic food sectors such as Biscuits, Coffee, Cheese, Ketchup due to increased domestic consumption.

"There are green shoots in the human care sector coming back while the Snacking and Impulse Foods basket keeps road growth," he said.

On the other hand, the basket of Non-Foods categories saw a dip in standard prices.

"This is due to the increase in the contribution of large packages to the consumer basket and the increase in consumer promotions in the categories of Essential Home Care and Personal Care," it said.

Fast moving consumer goods companies (FMCG) are switching to online distribution Fast moving consumer goods companies (FMCG) are switching to online distribution as Kirana stores carry the heavy burden of Covid-19. About 13 percent of the kirana closed in April in March, data from the Bizom trading platform shows.

The trend is expected to improve in May, as the combined problem of unloading and supply and coronavirus-infected kirana workers seriously harms the business. India saw a dramatic increase in Covid-19 cases in April and May when the country was hit by a second wave of disease.

The majority of key operators, including retailers and distributors, have contributed to the spread of the virus, prompting many to close stores, or temporarily. Companies say they see traditional trading coming back in the next few months. However, many are committed to performing their e-commerce activities, responding to the growing digital acceptance and second line of defense to address the distribution of FMCG.

Industrial estimates suggest that online as a percentage of sales of FMCG companies affected 8-9 percent in a few firms compared to 5-6 percent in the past few months. Last year, online as a percentage of sales stood at 3 percent.

"The internet is the most important thing to us," said Mohit Malhotra, chief executive officer (CEO), Dabur India. "As part of the overall sales, online donation has affected 9 percent of us. We see this as a growing trend, created in part by many Covid waves," he said.

In a recent call to investors, Marico's Managing Director and CEO Saugata Gupta said they had seen an online channel contribute 10-12 percent to the company's business by 2024 from 8% now. The online channel incorporates Marico's e-commerce functionality and specific customer-specific programs.

Growing changes to the internet are highlighted in a recent report by OkCredit, a network of applications aimed at making computers of small and medium-sized enterprise computers, including kiranas. The network says it has seen a 6 percent decline in active offline customers in stores in March-April in February, as consumers move online. The trend could escalate in the coming months, OkCredit said, if companies do not move forward to help their trading partners.

"Small and small businesses are bearing the brunt," said Harsh Pokharna, founder and CEO, OkCredit. "For some, cash flow has been severely affected and some consumers have moved online," he said.

Hindustan Unilever chairman and MD Sanjiv Mehta said small shops would continue to be digitally linked.

"Ordinary trading of the future will be different today. Smaller stores will continue to be connected. They will embrace the science of marketing to keep it relevant. Our job will be for the promoters - to connect them digitally, to help them with their variety and inventory, so that small traders can increase their return on investment," he said.

Pokharna says the decline in online retail sales has slowed somewhat in the second wave compared to the first Covid wave, as small businesses have learned the importance of digital adoption. Even though from the beginning, the brand was good, he said, in the market that Covid had promoted.

Conclusion

This paper studies the impact of coronavirus on FMCG and consumer behavior. In the interests of customers, companies and economic structures, we are faced with a different concept switch when some firms will speed up while others will slow down. An epidemic like this opens our eyes to human weakness, a few times all of the struggle for survival. As the lockdown got over the FMCG industry rose by 9.8% in the first quarter of 2021 and it is being shifted from kirana

stores to online shopping. Many who benefit from this victory, in companies and citizens similarly, it would have evolved better than most at the new level. Covid-19 effect on the FMCG sector is clear - it could be those companies that will be able to respond quickly to the flexibility of need and showing a sense of resilience and performance.

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